

Idaho Economic Forecast

DIRK KEMPTHORNE, Governor

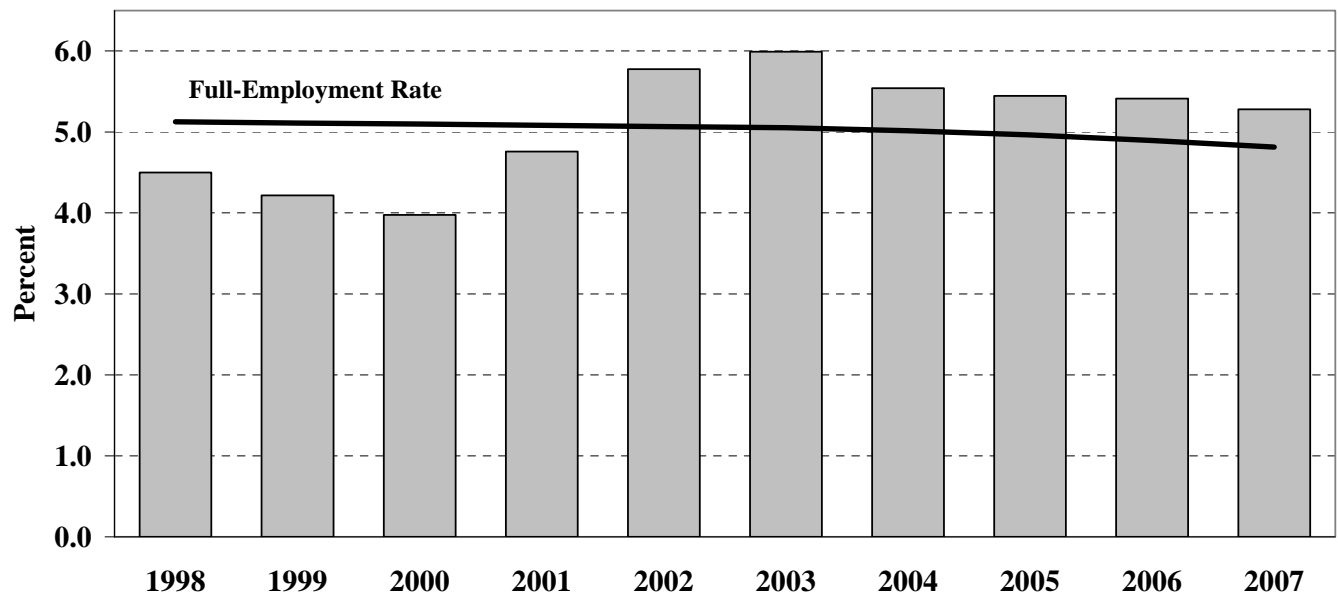
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- Forecast 2003-2007
- Understanding Deflation
- Alternative Forecasts

U.S. Civilian Unemployment Rate



Source: Global Insight

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**IDAHO
ECONOMIC
FORECAST
2003 - 2007**

State of Idaho
DIRK KEMPTHORNE
Governor

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PREFACE

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Engineering and Environmental Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

Division of Financial Management

700 W. Jefferson, Room 122
P.O. Box 83720
Boise, Idaho 83720-0032

Economic Analysis Bureau

Michael H. Ferguson, Chief Economist
Derek E. Santos, Economist
(208) 334-3900

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INTRODUCTION

The national forecast presented in this publication is the March 2004 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the November 2003 Global Insight baseline national forecast.

After declining in 2003, it appears U.S. nonfarm employment is back on a growth track. This can be seen in the cover graph of this *Forecast*. The U.S. unemployment rate rose to 6.0% in 2003, or nearly a full percentage point above the estimated full-employment rate. Beginning this year, the U.S. economy should enjoy net job gains. As a result, the gap between the measured unemployment rate and the estimated full-employment rate should shrink by half over the forecast period.

FEATURE

The feature article is titled, “Understanding Deflation.” It was written by Tao Wu, who is an Economist with the Federal Reserve Bank of San Francisco. Deflation is an economic topic that traditionally receives little attention, especially compared to inflation. However, Japan’s recent long-term bout with falling prices and the United State’s recent brush with deflation, should convince us it is a phenomenon worthy of our attention. This article serves as an excellent primer on deflation. It discusses why it is a subject of concern and looks at the recent experience of inflation and deflation in the U.S. and other countries.

THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1992 to 2007 and for every quarter from 2001 through 2006. The solution of the Idaho Economic Model (IEM) for this forecast begins with the fourth quarter of 2003.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

CHANGES

The historical Idaho nonfarm employment data appearing in this forecast was provided by the Idaho Department of Labor and seasonally adjusted by the Division of Financial Management. This data consist of final employment estimates through the third quarter of 2003 and preliminary data for the fourth quarter of 2003. These new historical data show the employment forecasts for both the third and fourth quarters of 2003 were too optimistic. As a result, Idaho nonfarm employment was about 4,500 lower in the last quarter of 2003 than had been previously forecast.

The tables in this forecast also include the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) estimates of Idaho quarterly personal income through the third quarter of 2003. The BEA will

release its next Idaho personal income estimates in late April 2004. These new data will be incorporated into the July 2004 *Idaho Economic Forecast*.

A couple of changes to the historical data made it necessary to reestimated the Idaho Economic Model (IEM). First, the base year for several deflators was changed from 1996 to 2000. Second, Global Insight renamed several of the variables used by the IEM. In order for the model to work, these names were incorporated into the model. The names for the new variables and their definitions can be found in the Appendix of this *Forecast*.

The *Idaho Economic Forecast* is available on the Internet at http://www.state.id.us/dfm/econ_pub.html. Readers with any questions should contact Derek Santos at (208) 334-3900 or at dsantos@dfm.state.id.us.

SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at http://www.state.id.us/dfm/econ_pub.html.

Printed copies of the *Idaho Economic Forecast* may be requested by contacting:

**Idaho Economic Forecast
Division of Financial Management
700 W. Jefferson, Room 122
P.O. Box 83720
Boise, Idaho 83720-0032**

Or email to ahamann@dfm.state.id.us

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EXECUTIVE SUMMARY

Idaho's economic outlook is relatively unchanged from the one presented in the previous *Idaho Economic Forecast*. In January 2004, it was predicted that Idaho's economy had finally turned the corner in 2003 toward stronger growth. This is still true. However, recent historical data and changes to the national forecast suggest the former projections may have been slightly optimistic, so the current Idaho economic outlook has been lowered accordingly. In the current forecast, nonfarm employment growth rates in 2004 and 2005 fail to match their previously predicted paces. Specifically, instead of averaging 1.6% in 2004 and 2005, Idaho nonfarm employment growth should average 1.4% over those two years. As a result, Idaho nonfarm employment is expected to be 587,844 in 2005; or about 3,900 below the previous prediction. Beginning in 2006, the gap between the two forecasts narrows. This occurs because over the last two years of the forecast, Idaho's nonfarm employment grows faster than in the previous forecast. The pace of annual job growth is expected to accelerate from 1.4% in 2004 and 2005 to 2.1% in 2006 and 2007. This is slightly faster than the 1.8% average forecast for these two years in January 2004. Thanks to this faster growth, employment makes up most of the ground lost in the previous years. Idaho nominal personal income displays a similar pattern as nonfarm employment. Namely, it grows slightly slower in 2004 and 2005 than its predecessor, but advances faster in 2006 and 2007. As a result, Idaho nominal employment is \$43.5 billion in 2007, compared to the previous estimate of \$43.6 billion. To summarize, Idaho is still expected to achieve the economic milestones set in the previous forecast, but it will take slightly longer to reach them.

A look at both the previous and current national forecasts reveals several similarities. Most notably, both show the economy enjoying healthy growth over the forecast period. In fact, changes to most of the aggregate economic measures since November suggest the U.S. economic outlook has improved slightly. This can be seen in the GDP forecast. In the November 2003 forecast, it was predicted real GDP would advance an average of 3.6% annually over the 2003-2007 period. The current forecast for real output is more bullish than the previous one; it averages 3.8% over the forecast period. This improvement reflects slightly stronger nominal GDP growth (5.5% versus 5.4%) and lower inflation (1.7% versus 1.8%). These numbers tell most of the story, but not the whole story. Nonfarm employment remains a concern. Indeed, Global Insight has lowered its expectations for job growth in the current forecast compared to the previous one. Last November U.S. nonfarm employment was anticipated to advance 1.3% annually over the forecast period. The most recent Department of Labor report has raised hopes the job recovery is under way. Nonfarm payroll employment grew by 308,000 in March 2004. Also noteworthy, was the original estimates for March and February were revised up a combined 87,000 jobs. In summary, the overall economy is expected to perform above average over the forecast period. Under most circumstances current conditions would be close to perfect. Output is high, while inflation is low. But concerns over employment have cast a shadow over the economy. But these concerns need to be kept in perspective. We remain confident the U.S. economy is once again generating jobs.

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

APRIL 2004

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP (BILLIONS)											
Current \$	8,304	8,747	9,268	9,817	10,101	10,481	10,985	11,683	12,282	12,945	13,678
% Ch	6.2%	5.3%	6.0%	5.9%	2.9%	3.8%	4.8%	6.3%	5.1%	5.4%	5.7%
2000 Chain-Weighted	8,704	9,067	9,470	9,817	9,867	10,083	10,398	10,887	11,277	11,699	12,119
% Ch	4.5%	4.2%	4.4%	3.7%	0.5%	2.2%	3.1%	4.7%	3.6%	3.7%	3.6%
PERSONAL INCOME - CURR \$											
Idaho (Millions)	25,227	27,066	28,902	31,177	32,363	33,585	35,209	36,779	38,618	40,980	43,503
% Ch	4.4%	7.3%	6.8%	7.9%	3.8%	3.8%	4.8%	4.5%	5.0%	6.1%	6.2%
Idaho Nonfarm (Millions)	24,557	26,149	27,872	30,382	31,400	32,572	33,942	35,615	37,421	39,755	42,328
% Ch	5.4%	6.5%	6.6%	9.0%	3.3%	3.7%	4.2%	4.9%	5.1%	6.2%	6.5%
U.S. (Billions)	6,915	7,423	7,802	8,430	8,713	8,910	9,192	9,587	10,099	10,711	11,374
% Ch	6.1%	7.3%	5.1%	8.0%	3.4%	2.3%	3.2%	4.3%	5.3%	6.1%	6.2%
PERSONAL INCOME - 2000 \$											
Idaho (Millions)	26,519	28,199	29,617	31,175	31,716	32,471	33,435	34,415	35,620	37,139	38,557
% Ch	2.6%	6.3%	5.0%	5.3%	1.7%	2.4%	3.0%	2.9%	3.5%	4.3%	3.8%
Idaho Nonfarm (Millions)	25,815	27,244	28,562	30,381	30,772	31,491	32,231	33,326	34,515	36,029	37,516
% Ch	3.7%	5.5%	4.8%	6.4%	1.3%	2.3%	2.4%	3.4%	3.6%	4.4%	4.1%
U.S. (Billions)	7,269	7,734	7,996	8,429	8,539	8,615	8,729	8,971	9,315	9,707	10,081
% Ch	4.3%	6.4%	3.4%	5.4%	1.3%	0.9%	1.3%	2.8%	3.8%	4.2%	3.8%
HOUSING STARTS											
Idaho	8,863	10,111	10,340	11,524	12,239	13,170	16,181	14,480	13,906	13,483	13,071
% Ch	-3.9%	14.1%	2.3%	11.4%	6.2%	7.6%	22.9%	-10.5%	-4.0%	-3.0%	-3.1%
U.S. (Millions)	1,475	1,621	1,647	1,573	1,601	1,711	1,848	1,840	1,721	1,686	1,713
% Ch	0.4%	9.9%	1.6%	-4.5%	1.8%	6.9%	8.0%	-0.4%	-6.5%	-2.0%	1.6%
TOTAL NONFARM EMPLOYMENT											
Idaho	507,423	520,476	538,098	558,573	568,015	568,008	571,527	578,455	587,844	599,856	613,312
% Ch	3.4%	2.6%	3.4%	3.8%	1.7%	0.0%	0.6%	1.2%	1.6%	2.0%	2.2%
U.S. (Thousands)	122,767	125,924	128,992	131,791	131,837	130,343	129,937	130,932	133,550	135,968	138,204
% Ch	2.6%	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	0.8%	2.0%	1.8%	1.6%
SELECTED INTEREST RATES											
Federal Funds	5.5%	5.4%	5.0%	6.2%	3.9%	1.7%	1.1%	1.1%	2.4%	3.0%	3.2%
Bank Prime	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.1%	5.4%	6.0%	6.2%
Existing Home Mortgage	7.7%	7.1%	7.3%	8.0%	7.0%	6.5%	5.7%	6.1%	6.5%	6.7%	6.8%
INFLATION											
GDP Price Deflator	1.7%	1.1%	1.4%	2.2%	2.4%	1.5%	1.7%	1.6%	1.5%	1.6%	2.0%
Personal Cons Deflator	1.7%	0.9%	1.7%	2.5%	2.0%	1.4%	1.8%	1.5%	1.4%	1.8%	2.3%
Consumer Price Index	2.3%	1.5%	2.2%	3.4%	2.8%	1.6%	2.3%	1.7%	1.3%	1.6%	2.1%

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

APRIL 2004

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current \$	10,736	10,847	11,107	11,252	11,451	11,608	11,760	11,912	12,072	12,216	12,350	12,490
% Ch	4.3%	4.2%	10.0%	5.3%	7.2%	5.6%	5.4%	5.3%	5.5%	4.9%	4.4%	4.6%
2000 Chain-Weighted	10,210	10,288	10,493	10,599	10,724	10,839	10,940	11,044	11,143	11,236	11,320	11,408
% Ch	2.0%	3.1%	8.2%	4.1%	4.8%	4.4%	3.8%	3.9%	3.6%	3.4%	3.0%	3.1%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	34,666	34,823	35,586	35,759	36,148	36,587	36,972	37,409	37,902	38,382	38,845	39,344
% Ch	6.4%	1.8%	9.1%	2.0%	4.4%	4.9%	4.3%	4.8%	5.4%	5.2%	4.9%	5.2%
Idaho Nonfarm (Millions)	33,389	33,600	34,209	34,568	34,975	35,417	35,827	36,242	36,709	37,173	37,641	38,160
% Ch	3.7%	2.6%	7.4%	4.3%	4.8%	5.2%	4.7%	4.7%	5.3%	5.2%	5.1%	5.6%
U.S. (Billions)	9,049	9,146	9,243	9,329	9,410	9,526	9,644	9,767	9,905	10,035	10,161	10,296
% Ch	3.0%	4.4%	4.3%	3.8%	3.5%	5.1%	5.0%	5.2%	5.8%	5.4%	5.1%	5.4%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	33,038	33,144	33,724	33,832	33,967	34,294	34,553	34,847	35,167	35,475	35,765	36,073
% Ch	3.5%	1.3%	7.2%	1.3%	1.6%	3.9%	3.0%	3.5%	3.7%	3.5%	3.3%	3.5%
Idaho Nonfarm (Millions)	31,821	31,980	32,419	32,706	32,865	33,198	33,483	33,760	34,061	34,358	34,657	34,987
% Ch	0.8%	2.0%	5.6%	3.6%	2.0%	4.1%	3.5%	3.4%	3.6%	3.5%	3.5%	3.9%
U.S. (Billions)	8,624	8,705	8,759	8,827	8,842	8,929	9,013	9,098	9,190	9,275	9,355	9,439
% Ch	0.2%	3.8%	2.5%	3.1%	0.7%	4.0%	3.8%	3.8%	4.1%	3.7%	3.5%	3.7%
HOUSING STARTS												
Idaho	15,696	14,814	16,744	17,470	14,979	14,545	14,374	14,023	14,054	13,906	13,841	13,825
% Ch	-7.1%	-20.6%	63.2%	18.5%	-46.0%	-11.1%	-4.6%	-9.4%	0.9%	-4.2%	-1.9%	-0.5%
U.S. (Millions)	1,737	1,739	1,884	2,033	1,931	1,858	1,807	1,763	1,744	1,728	1,712	1,700
% Ch	-1.4%	0.5%	37.9%	35.5%	-18.6%	-14.2%	-10.6%	-9.4%	-4.3%	-3.5%	-3.6%	-2.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	572,498	570,790	571,022	571,798	574,847	577,382	579,573	582,020	584,250	586,556	588,957	591,613
% Ch	0.3%	-1.2%	0.2%	0.5%	2.1%	1.8%	1.5%	1.7%	1.5%	1.6%	1.6%	1.8%
U.S. (Thousands)	130,047	129,878	129,820	130,002	130,179	130,531	131,146	131,872	132,579	133,310	133,880	134,432
% Ch	-0.6%	-0.5%	-0.2%	0.6%	0.5%	1.1%	1.9%	2.2%	2.2%	2.2%	1.7%	1.7%
SELECTED INTEREST RATES												
Federal Funds	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%	1.1%	1.4%	2.0%	2.3%	2.5%	2.8%
Bank Prime	4.3%	4.2%	4.0%	4.0%	4.0%	4.0%	4.1%	4.4%	5.0%	5.3%	5.5%	5.8%
Existing Home Mortgage	5.9%	5.6%	5.7%	5.8%	5.8%	6.0%	6.1%	6.3%	6.4%	6.5%	6.6%	6.6%
INFLATION												
GDP Price Deflator	2.3%	1.1%	1.6%	1.2%	2.2%	1.2%	1.5%	1.3%	1.8%	1.5%	1.4%	1.5%
Personal Cons Deflator	2.8%	0.5%	1.8%	0.7%	2.8%	1.0%	1.2%	1.3%	1.6%	1.6%	1.6%	1.7%
Consumer Price Index	3.9%	0.6%	2.3%	0.7%	3.4%	0.9%	1.0%	1.1%	1.5%	1.4%	1.4%	1.5%

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Fourth Quarter of 2003 through the Fourth Quarter of 2007

A look at both the previous and current forecasts reveals several similarities. Most notably, both show the economy enjoying healthy growth over the forecast period. In fact, changes to most of the aggregate economic measures since November suggest the U.S. economic outlook has improved slightly. This can be seen in the GDP forecast. In the November 2003 forecast, it was predicted real GDP would advance an average of 3.6% annually over the 2003-2007 period. This is slightly faster than the estimated full-employment growth of 3.4% per year. The current forecast for real output is more bullish than the previous one; it averages 3.8% over the forecast period. This improvement reflects slightly stronger nominal GDP growth (5.5% versus 5.4%) and lower inflation (1.7% versus 1.8%). Based on these numbers one can reasonably conclude an already healthy forecast has been upgraded. These numbers tell most of the story, but not the whole story.

Nonfarm employment remains a concern. Indeed, Global Insight has lowered its expectations for job growth in the current forecast compared to the previous one. Last November U.S. nonfarm employment was anticipated to advance 1.3% annually over the forecast period. While this is well below its performance in the late 1990s, it is a welcome change from the malaise during 2001 to 2003. Nonfarm employment is currently projected to rise just 1.2% yearly over the forecast period. This change is consistent with recent employment history. The U.S. Department of Labor reported nonfarm employment rose 126,000 in October 2003. At the same time, the estimates for the previous two months had been revised upwards. This convinced many economists the long-awaited job recovery was finally under way. Unfortunately, this good news was followed by a series of disappointing reports that forced economists to rethink their forecasts.

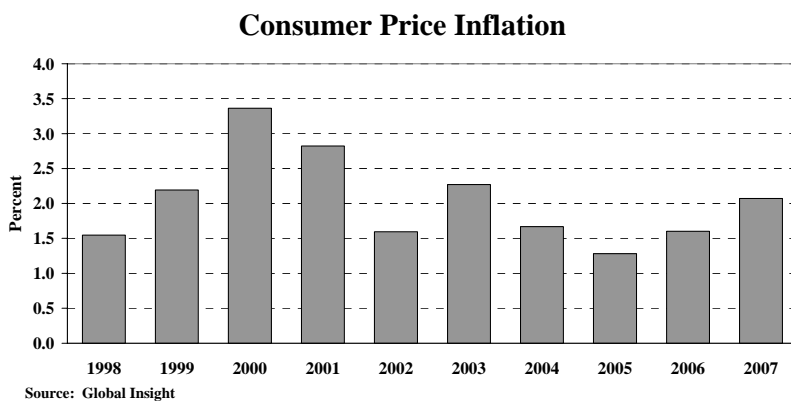
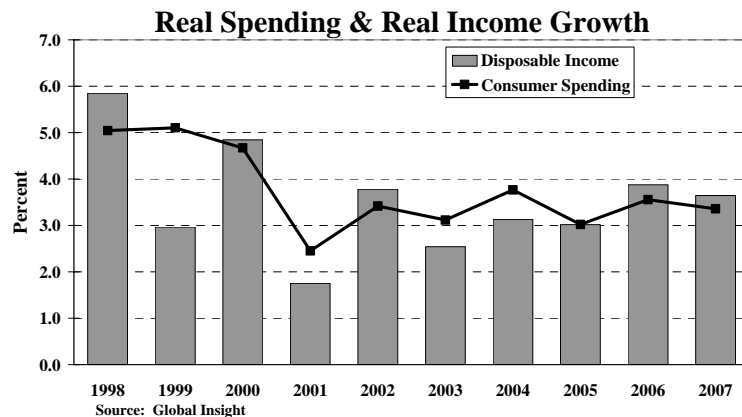
The most recent Department of Labor report has raised hopes once again the job recovery is under way. Nonfarm payroll employment grew by 308,000 in March 2004. Also noteworthy, was the original estimates for March and February were revised up a combined 87,000 jobs. Previous to these revisions, the three-month average increase was a disappointing 42,000. The strong March numbers and revised February numbers bring the first quarter average to a healthy 171,000. This is good news. However, it remains to be seen how, or if, it is incorporated into future forecasts. Having been burned by last fall's false start, most economists are expected to proceed with cautious optimism.

In summary, the overall economy is expected to perform above average over the forecast period. Under most circumstances current conditions would be close to perfect. Output is high, while inflation is low. But concerns over employment have cast a shadow over the economy. But these concerns need to be kept in perspective. We remain confident the economy is once again generating jobs. However, it is harder to determine the number of jobs that will be created over the forecast period. After experiencing a winter's worth of disappointing employment news, the jobs forecast was reduced slightly compared to the previous prediction.

SELECTED NATIONAL ECONOMIC INDICATORS

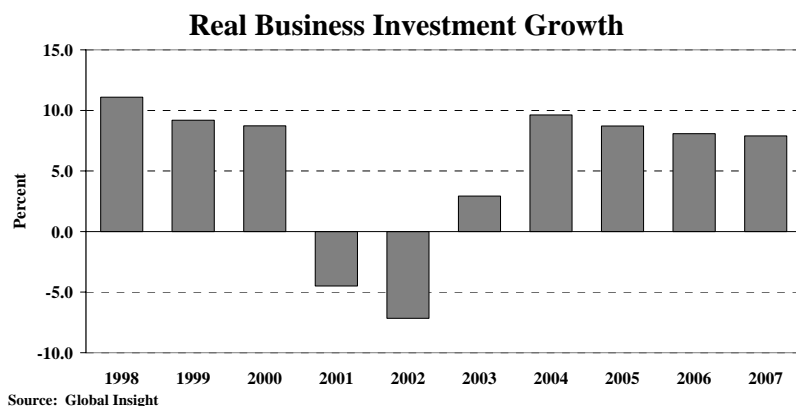
Consumer Spending: Thirteen should be a lucky number for the U.S. economy. This is because the current consumer-spending spree is in its thirteenth year, with no signs of letting up. The forecast of continued spending is welcomed news not only because consumer spending is the largest component of the economy, but it is also the sector that kept the 2001 recession from being more severe than it could have been. Traditionally, recessions are caused

by a decline in consumer spending. One needs only to look to the 1990-91 recession to see an example of this. During that slowdown real GDP retreated in the last quarter of 1990 and the first quarter of 1991. Real consumer spending also declined in these two quarters. Consumer spending has expanded in each quarter since then, except for the last quarter of 1991. This growth helped keep the 2001 recession in check. Since 1945, the average peacetime recessions averaged 10 months in length. The 2001 recession, at just 8 months, was much shorter than the average. The decline in real GDP during the 2001 recession was not as steep as usual. Much of the recent spending growth reflects the rare synchronization of fiscal and monetary policies. The accommodative Federal Reserve has helped keep interest rates low and generous federal tax changes have temporarily boosted consumer disposable personal income. However, the biggest impacts from these policies have already been felt, and continued spending will require another fuel source. This forecast assumes job growth will be this fuel. Over the forecast period real disposable income will serve as the speed limit for real consumer spending growth. In fact, for the first time in several years American consumers are expected to live within their means, with income growing faster than spending. Specifically, real consumer spending is expected to increase 3.1% in 2003, 3.8% in 2004, 3.0% in 2005, 3.6% in 2006, and 3.4% in 2007. As a result of this unaccustomed thriftiness, and after testing limits for several years, consumers' personal finances should improve. For example, the percent of disposable income needed to meet monthly financial obligations was 18.4% in 2003. It is expected to dip just below 18% this year and remain there through 2007. Another sign of improved household finances is the forecasted decline of the personal bankruptcies per thousand adults from 7.2 in 2003 to 4.4 in 2007. Other evidence consumers will be better with credit is the projected decline in percent of credit card accounts that are over due for 30 or more days from 4.3% in 2003 to 3.9% in 2007. Admittedly this is a minor change, but it is a change in the right direction.



Inflation: It is not hard to make a case for tame inflation, despite several factors that suggest otherwise. Recently, inflation alarms have been sounded because of three major factors. They are the sharp rise in commodity prices, the fall of the dollar, and the synchronized global economic recovery. It is true that over the last few weeks prices for steel

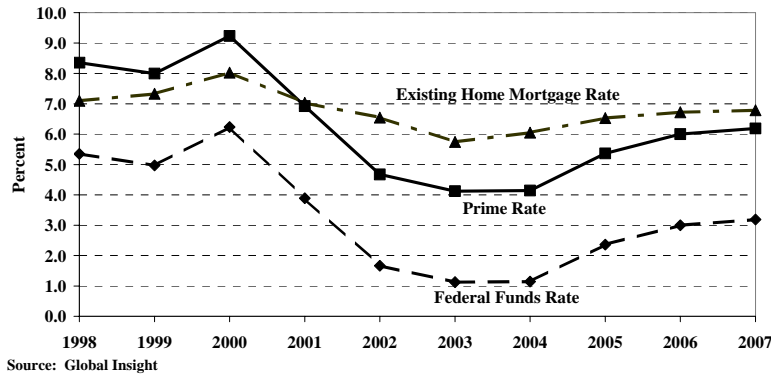
scrap is up 80%, ethylene is up 30%, lumber is up 26%, nonferrous metals are up 22%, and oil is up 17%. Except for oil, none of these price increases have yet found their way to the consumer level, and it is unlikely they will. One of the reasons for this is commodity prices are near their summit. This is because commodity markets traditionally self-correct. Higher commodity prices will increase the production of these commodities, increasing the market supply. At the same time, worldwide industrial production may be flattening, suggesting a weaker demand for commodities. This combination of increased supply and softer demand suggest weaker, not stronger, price increases down the road. Another reason the recent commodity price increases will have a limited impact at the consumer level is because most commodity price moves are absorbed in margins. It has been estimated less than 10% of any move in commodity prices end up in finished good prices, and less than 3% flow to consumer prices. It should also be pointed out that the sector most affected by the commodity increases is manufacturing. In the U.S. manufacturing accounts for about 15% of GDP. With such a limited exposure, commodity prices would have to rise by a large amount and over a long time before their impacts would register in the GDP deflator or the consumer price index. Neither is the falling dollar cause for alarm. While it is true the dollar's decline is inflationary in the short term, its impacts will be limited. This is because many Asian currency values remain tied to the U.S. dollar. This is why import prices from newly industrialized Asian countries were actually down 1.3% recently, while import prices from the European Union were up over 4.0%. Consumer prices will also be held down by weak labor markets. Employee compensation has a huge influence on consumer prices. Over the forecast, employee compensation should rise slowly because of the recovering employment market. With employee compensation expected to rise less than 4.0% annually, cost pressures should be slow to develop, so inflation should remain tame. For example, the consumer price index is forecast to rise 2.3% in 2003, 1.7% in 2004, 1.3% in 2005, 1.6% in 2006, and 2.1% in 2007.



Business Investment: Business investment is now firmly in place. In 2003, real business investment increased 2.9%, which was a huge reversal from the 7.2% decline it posted in 2002. All of last year's gain was due to spending on equipment. The growth leader was the equipment and software category that advanced 5.5%. Fueling this expansion was the nearly 14% increase in information and processing equipment, which benefited from the 32.6% increase in computer spending.

Investment in nonresidential structures fell for the third straight year in 2003. The forecast calls for business investment to grow continuously over the next few years, with growth accelerating this year then tapering off thereafter. Specifically, real business investment is expected to advance a healthy 9.6% in 2004, 8.7% in 2005, 8.1% in 2006, and 7.9% in 2007. As was the case in 2003, most of the growth will be in the equipment and software category. In fact, structures are expected to be a drag on investment until 2005, when it posts its first gain of the millennium. Capital spending by the manufacturing sector is also expected to return. The manufacturing sector has kept its traditional capital spending to a "bare bones" minimum in recent years. In fact, since 2000, real investment in industrial equipment has declined an average 6.2% annually. While excess capacity still remains the rule rather than the exception, much of the traditional equipment is beginning to show signs of age and is in need of replacement. Combining this age issue with this year's expected higher manufacturing output suggest the first spending increase in three years.

Selected Interest Rates

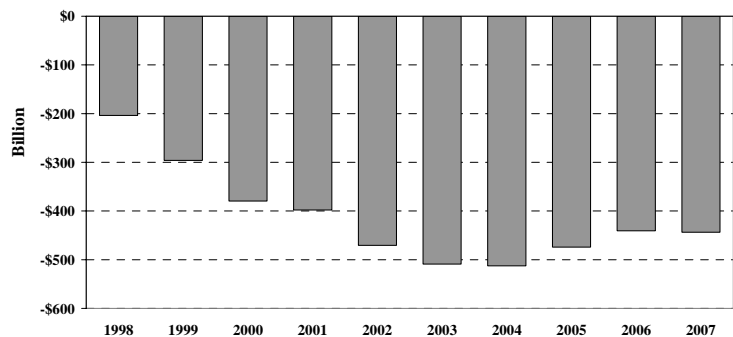


Financial: The lack of policy action by the Federal Reserve may leave some wondering whether the nation's central bank is cruising on autopilot. The fact of the matter is the Federal Reserve is hard at work staying the course with a policy that demands no quick changes at this point. This begs the question what will be the Federal Reserve's next move and when will it take place. This forecast assumes the Federal Reserve will raise its bellwether

federal funds rate by 25 basis points in August. This would mark the first in a series of hikes that will take the federal funds rate to about 3.2% in 2007. There are several reasons why this is believed to be the central bank's most likely course of action. First, with the federal funds rate already at 1.0%, there is little room for it to lower this rate further. The second reason to raise rates down the road is because, except for employment, the U.S. economy is doing relatively well, so it does not need lower interest rates. The Federal Reserve is very sensitive to the weak job picture, and will not raise rates until job growth reaches about 200,000 jobs per month. Any tightening before that risks usurping the nascent job recovery. Fortunately, the current low-inflation environment is providing the central bank the luxury of time until it needs to move again. One factor that will complicate the Federal Reserve's decision making is this fall's presidential election. Traditionally, as a gesture of its political independence, the Federal Reserve does not like to change rates too close to an election. As a result, the Federal Reserve must act in August, or it could find itself running out of time to act before the election.

International: The U.S. is expected to grow faster than the world economy over the next couple of years. As the engine for economic growth, the U.S. could see its current trade deficit explode because its markets will remain the target for goods from less-fortunate countries trying to export themselves to prosperity. However, the weaker dollar will help the competitiveness of American goods and services in the global market, preventing the current account deficit from bulging too far from current levels. Before going into more detail about the current account deficit, it is a good idea to review the prognosis of some of America's leading trade partners. Although the U.S. economy will enjoy above-average growth over the next two years, it will not be the strongest growing economy. Asia except for Japan will post the fastest relative growth. This fast growing region should see its collective GDP rise by 6.2% in 2003, by 6.5% in 2004, and by 6.0% in 2005. China is expected to be the top performer in this group, turning in 8.0% growth this year after expanding 9.1% last year. Japan remains the exception to strong Asian growth. Japan should enjoy back-to-back economic growth of over 2.0% for the first time since 1991 in 2003 and 2004. The European economy will also face challenges. First, the rise of the euro compared to the dollar will hurt European exports at a time Europe is overly dependent on exports. Second, soft consumer spending will hurt growth on the continent. Closer to home, both Canada and Mexico are forecast to grow slower than the U.S. These factors suggest America's current account balance will not improve over the forecast period. However, the situation would be worse if not for the declining dollar. All things being equal, the decline in the

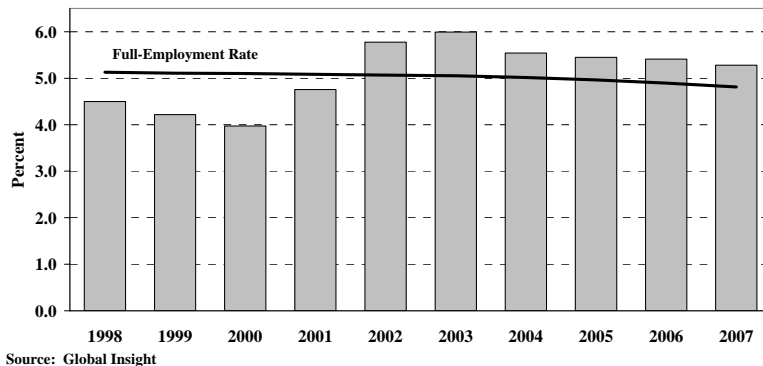
Real U.S. Trade Deficit



Before going into more detail about the current account deficit, it is a good idea to review the prognosis of some of America's leading trade partners. Although the U.S. economy will enjoy above-average growth over the next two years, it will not be the strongest growing economy. Asia except for Japan will post the fastest relative growth. This fast growing region should see its collective GDP rise by 6.2% in 2003, by 6.5% in 2004, and by 6.0% in 2005. China is expected to be the top performer in this group, turning in 8.0% growth this year after expanding 9.1% last year. Japan remains the exception to strong Asian growth. Japan should enjoy back-to-back economic growth of over 2.0% for the first time since 1991 in 2003 and 2004. The European economy will also face challenges. First, the rise of the euro compared to the dollar will hurt European exports at a time Europe is overly dependent on exports. Second, soft consumer spending will hurt growth on the continent. Closer to home, both Canada and Mexico are forecast to grow slower than the U.S. These factors suggest America's current account balance will not improve over the forecast period. However, the situation would be worse if not for the declining dollar. All things being equal, the decline in the

dollar makes U.S.-produced goods and services less expensive than the foreign counterparts. As a result, fewer foreign imports are sold in the U.S. while more American products are sold abroad. This would shrink the nation's already huge current accounts deficit. According to the current forecast, the U.S. dollar's value will continue declining over the forecast period. Unfortunately, an improvement in the current account deficit is still a ways off. It is estimated the current account deficit was \$548.9 billion last year. It is expected to rise to \$575.0 billion this year, and remain near this level through 2006, before increasing to \$615.5 billion in 2007.

U.S. Civilian Unemployment Rate



Employment: The actual path for the economy will depend on how the employment picture develops over the forecast period. This forecast assumes employment will heat up just as the stimulative impacts of the temporary tax cuts ebb. This must take place in order for the current expansion to proceed unhampered. Should the job recovery fail to materialize, consumer spending will be threatened, and this would put the

current expansion at risk. Because the stakes are so high, each of the U.S. Department of Labor's monthly *Employment Situations* is eagerly anticipated. Based on these reports, the outlook for U.S. employment is cautiously optimistic. The mood was slightly more positive late last year when the January 2004 *Idaho Economic Forecast* was being put together. Last year it was predicted that after a long drought, employment would pick up in the second half of 2003, and the employment data suggested this was taking place. In its November 2003 press release, the U.S. Department of Labor reported the U.S. seasonally adjusted unemployment rate had declined to 6.0% in October 2003 from 6.1% the previous month. The same report also estimated the number of jobs increased 126,000 in October 2003. This was a welcomed change from the job losses that stretched back to early 2001. It was believed this was the first in a series of positive employment reports. Unfortunately, it was not. What followed was a string of disappointing reports that showed actual employment growth was under projections. The low point occurred when key economic advisors to the President distanced themselves from the Administration's official employment forecast published in the *Economic Report of the President*. However, like last year, the positive March 2004 *Economic Situation* has raised hopes again that a sustained employment recovery is under way. After several months of lackluster gains, U.S. nonfarm employment posted a surprisingly strong 308,000 net job gain in March 2004. Seventy-eight thousand jobs were created in the goods-producing sector and the remainder were created in the services-producing sector. Interestingly, the manufacturing sector netted no new jobs. This can be seen as good or bad. On the downside, this marks another in a long string of months manufacturing has not generated any new jobs. But on the other hand, this marks the first time in a long while it has not lost any jobs. At worst, it is a welcome respite from the 46 months of losses that cost this sector nearly 3 million jobs. At its best it marks the end of this battered sector's long slide. Of course, one month does not make a trend, so Department of Labor reports will continue to receive more-than-usual scrutiny until employment growth is back on a solid footing. The current U.S. economic forecast shows employment growth accelerating this year from 0.5% in the first quarter to 2.2% during the last quarter. Virtually all of this growth will be in the services-producing sector, while contributions from the goods-producing sector are not expected until the beginning of next year. The manufacturing sector is expected to post a small net job gain in the second quarter of this year, but this year will prove disappointing. However, it should commence several years of growth beginning early next year.

Overall, U.S. nonfarm employment should decline 0.3% in 2003, rise 0.8% in 2004, 2.0% in 2005, 1.8% in 2006, and 1.6% in 2007.

Government: Braking the runaway deficit will be one of the biggest domestic policy challenges faced by the President and Congress. Soon after the fall election, the President and Congress will have to deal with the swelling federal budget deficit. According to the Congressional Budget Office, the federal budget deficit will hover in the \$500 billion range for several years. Looked at another way, during the 5-year period from fiscal year 2005 to fiscal year 2009, these deficits are projected to add up to nearly \$1.5 trillion. This is a major change from a few years ago when the federal budget was in surplus and the outlook called for several years of surpluses. Unfortunately, the administrative and legislative branches will find they have limited options for dealing with the deficits. One way is to limit spending. Spending is now 20% of GDP, and it is unlikely it can be squeezed further. Another hope is prosperity will fix the deficit problem by raising federal receipts. Some suggest receipts can be brought back to the 21% of GDP realized in 2000. This appears unrealistic. In 2000, capital gains accounted for slightly more than 10% of adjusted gross income, which was significantly more than the typical 2-4% share. Historically, any time personal tax receipts have climbed above 10% of personal income, pressure has built for tax cuts. Relative to GDP, the long-run average share of personal federal taxes is 8.2%, with a peak of 10.4% in 2000, and a current share of 6.9%. Another option is lowering the outlay share of GDP, but this seems unlikely given the rising cost of entitlements. One politically unpleasant option is to raise taxes. But any serious discussions to do this will be delayed until after the election.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Fourth Quarter of 2003 through the Fourth Quarter of 2007

Idaho's economic outlook is relatively unchanged from the one presented in the previous *Idaho Economic Forecast*. In January 2004, it was predicted that Idaho's economy had finally turned the corner in 2003 toward stronger growth. This is still true. However, recent historical data and changes to the national forecast suggest the former projections may have been slightly optimistic, so the current Idaho economic outlook has been lowered accordingly. To summarize, Idaho is still expected to achieve the economic milestones set in the previous forecast, but it will take slightly longer to reach them.

In the previous forecast, it was anticipated Idaho nonfarm employment would expand 1.0% in 2003. This growth hinged on a relatively healthy showing in the second half of 2003. However, new Idaho employment data show Idaho nonfarm employment grew slower than had been previously projected. Specifically, it advanced at a 0.2% annual rate in the third quarter of 2003 and 0.5% rate in the fourth quarter. In comparison, Idaho nonfarm employment was previously forecast to expand 2.6% in 2003's third quarter and 1.3% in the fourth quarter. As a result of the slower growth, last year's Idaho nonfarm employment was about 571,500, which is nearly 2,100 lower than had been previously estimated.

The new data has lowered the starting point of the forecast. However, it is just one factor influencing future employment levels. In the current forecast, nonfarm employment growth rates in 2004 and 2005 fail to match their previously predicted paces. Specifically, instead of averaging 1.6% in 2004 and 2005, Idaho nonfarm employment growth should average 1.4% over those two years. As a result, Idaho nonfarm employment is expected to be 587,844 in 2005; or about 3,900 below the previous prediction. This should be the widest gap between the current and previous employment forecasts.

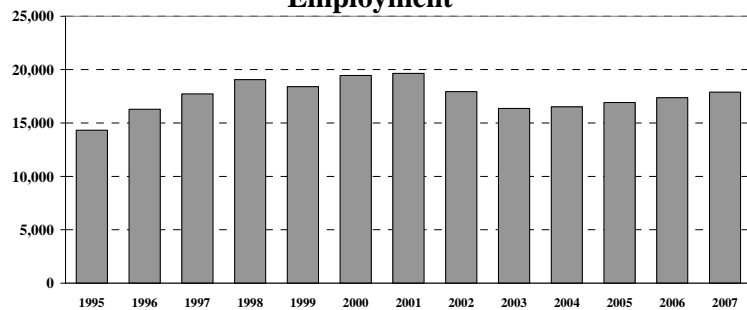
Beginning in 2006, the gap between the two forecasts narrows. This occurs because over the last two years of the forecast, Idaho's nonfarm employment grows faster than in the previous forecast. The pace of annual job growth is expected to accelerate from 1.4% in 2004 and 2005 to 2.1% in 2006 and 2007. This is slightly faster than the 1.8% average forecast for these two years in January 2004. Thanks to this faster growth, employment makes up most of the ground lost in the previous years. In 2007, Idaho nonfarm employment is forecast to be 613,312, which is just 238 shy of the previous estimate for that year.

Idaho nominal personal income displays a similar pattern as nonfarm employment. Namely, it grows slightly slower in 2004 and 2005 than its predecessor, but advances faster in 2006 and 2007. As a result, Idaho nominal employment is \$43.5 billion in 2007, compared to the previous estimate of \$43.6 billion.

SELECTED IDAHO ECONOMIC INDICATORS

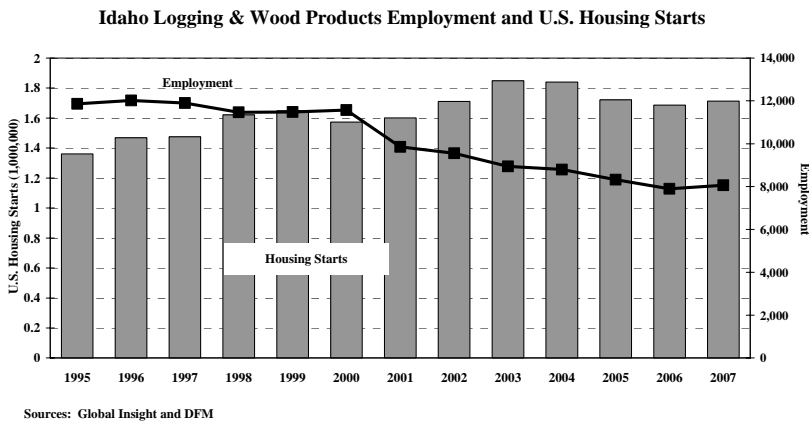
Computer and Electronics: After contracting in both 2002 and 2003, employment in Idaho's computer and electronics sector is expected to expand over the forecast period. The employment recovery began at the end of last year when employment rose for the first time since the beginning of 2001. In order to gain an appreciation for this turnaround, a short history of the state's largest manufacturing employment sector is in order. This sector's employment

**Idaho Computer & Electronic Products
Employment**



peaked at nearly 20,700 in the first quarter of 2001 then shed over 4,500 jobs over 10 quarters. Its woes can be traced to the fallout from the bursting high-tech bubble. Fueled by the demands of the Telecommunications Act of 1996, concerns over Y2K, and the popularity of the Internet, real investment in computer equipment advanced by at least 40% from 1995 through 1999. Unfortunately, investment spending dropped well below the previous year's pace in 2000, and slipped even further in 2001. In that year real investment in computers retreated for the first time since 1990 and investment in communications equipment also declined for the first time in a decade. Because the state's high-tech firms have strong ties to these sectors, the fallout from the bust has been felt in Idaho. In 2001, Jabil Circuit, Micronpc.com, SCP Global Technologies, Micron MCMS, AMI, and Hewlett-Packard had all announced layoffs. As a result, this sector's employment growth slowed from 5.7% in 2000 to 1.0% in 2001. Unfortunately, the worse was yet to come. The Gem State's computer and electronics sector suffered another round of layoffs in 2002, which caused employment to decline 8.8% in that year. It is not difficult to understand how hard this sector was hit. Four of the seven Idaho companies reporting layoffs of at least 100 persons in 2002 were high-tech firms. These seven companies laid off 1,515 employees in 2002, with the four high-tech companies accounting for 1,104 (73%) of the total decline. That same year, Jabil Circuit announced it was halting its Idaho operations and was putting its two-year old Meridian plant up for sale. One notable exception to the list of companies with significant layoffs was Micron Technology, the state's largest high-tech employer. However, it joined the ranks of companies laying off employees in early 2003 when it cut about 1,100 Idaho jobs. After three years of dismal conditions, several factors suggest the outlook for this sector is improving. It appears the worst may be over. After declining in 2001 and 2002, real investment in equipment and software should advance over the next few years, with 2004 showing the most promise. This recovery partly reflects the replacement demand for computers and peripheral devices. Computer systems and software purchased during the last expansion are becoming technologically obsolete, therefore many are in the process of being upgraded and/ or replaced. In addition, the high-productivity returns for investing in computers should boost demand. Companies wanting to make these investments have found it relatively easy thanks to low interest rates, attractive depreciation treatment, and improved corporate cash flow. The return of investment suggests cautious optimism is in order, and Idaho high-tech firms are expected to expand. Another positive sign is computer memory prices have risen recently. This is welcome news for Idaho's Micron Technology, who is one the world's largest producers of memory devices. The company recently returned to profitability after 13 quarters of losses, and company officials project the company will be in the black during fiscal year 2004. However, the company is not expected to rehire all of the employees it laid off in 2003. Instead, it plans to fill only mission-critical positions. Employment in Idaho's computer and electronics sector is expected to expand beginning this year.

However, growth rates will not approach those experienced during the years leading up to 2000. Instead, employment should advance 2.3% annually over the 2004-2007 period.

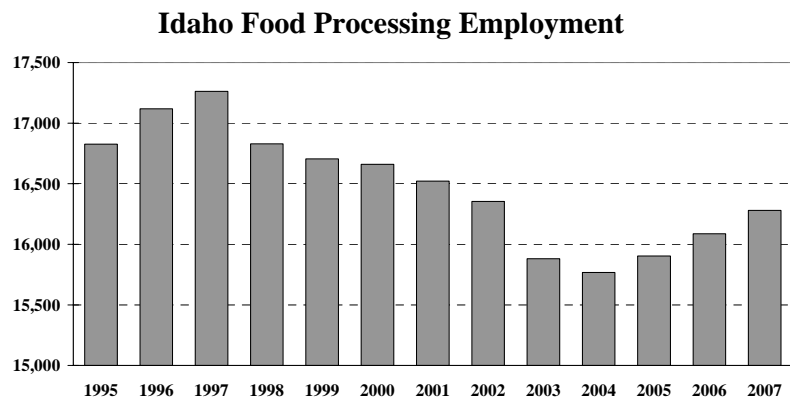


Logging and Wood Products:

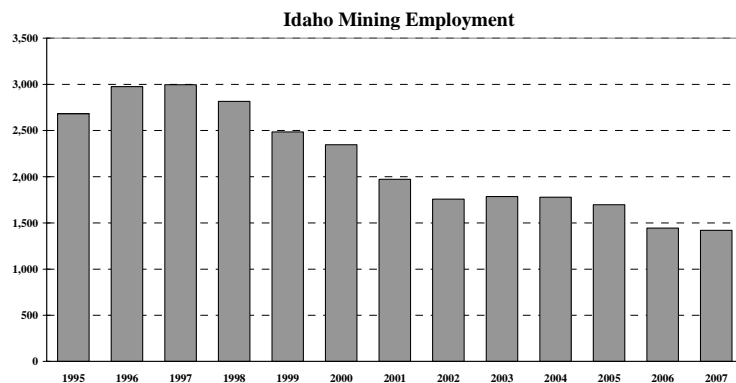
Idaho's lumber and wood products employment is expected to struggle over most of the forecast period. This sector's employment last peaked at nearly 11,600 jobs in 2000, but has fallen every year since then. In 2003 there were just under 9,000 jobs left in this sector. What makes this decline especially disappointing is a large part of it took place during a period of

strong demand. Traditionally, Idaho lumber and wood products employment has been driven by demand. A strong U.S. housing market meant strong demand for wood products, which increased employment. A weak housing market usually resulted in lower employment. The recent paradox of a strong housing market with weak employment is explained not by demand, but by supply. According to one of the industry's most highly regarded publications, *Random Lengths*, "The bull markets of the late 1990s led to some capital investment in manufacturing capacity. Production capacity coincided with a crash in export markets and a rise of offshore imports. All this combined to push prices to a 10-year low during a housing boom. American producers were further hampered in their ability to compete by the strong dollar." It is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America and Canada. Ironically, the industry's problems have been compounded by the dearth of timber available from federal lands. A look at the last decade's harvests shows how steep the decline has been. According to the U.S. Department of Agriculture, 739 million board feet (mbf) were harvested in Idaho in 1991, or about 41% of the state total. In comparison, federal lands in Idaho yielded just 102.3 mbf a decade later, which was less than 10% of the total harvest. These supply problems have exacted a high toll in Idaho. Approximately 125 jobs were lost when the former Boise Cascade mill in Cascade, Idaho ceased operations in 2001. About 250 jobs were lost last year when the Emmett, Idaho mill was closed. Potlatch shuttered its Jaype Mill near Pierce the previous year, a move that cost about 215 jobs. Louisiana-Pacific closed its Bonners Ferry mill this fall, putting about 140 people out of work. The company sold its Moyie Springs mill to Riley Creek, but not all of the former employees found jobs with the new owners. In early October, Stimson Lumber informed 67 employees at its Atlas mill they were being permanently laid off. Idaho lumber and wood products employment is forecast to continue sliding through 2007 before posting a modest (2.1%) gain in 2007.

Food Processing: It appears that Idaho's second largest manufacturing employer may finally be on the road to recovery after declining for several years. The state's food processing sector has been shedding jobs since 1997. This prolonged downturn has raised fears the industry's problems may be structural instead of



cyclical. This fear arose from the closure of several food processing plants. For example, Simplot recently shuttered its Heyburn potato processing plant. The plant was built in 1960 and had run continuously since that time. Unfavorable business conditions caused Simplot to also close its Nampa meat packing plant in the fall of 2003. Nearly 360 jobs were lost when the plant was idled. J.R. Simplot Company recently opened its newest plant in Canada. In recent years, Canada has become a major player in the processed potato market. For example, it has been reported that the U.S. became a net importer of French fries in 2000. This trend is expected to continue through 2005 as additional Canadian capacity comes on line. This has raised fears about this industries future in Idaho. If processors plates were not already full, they are also dealing with weak demand for their products. Weak demand is a temporary problem that should reverse itself over the forecast period. Likewise, Idaho food processing employment should post a slow recovery.



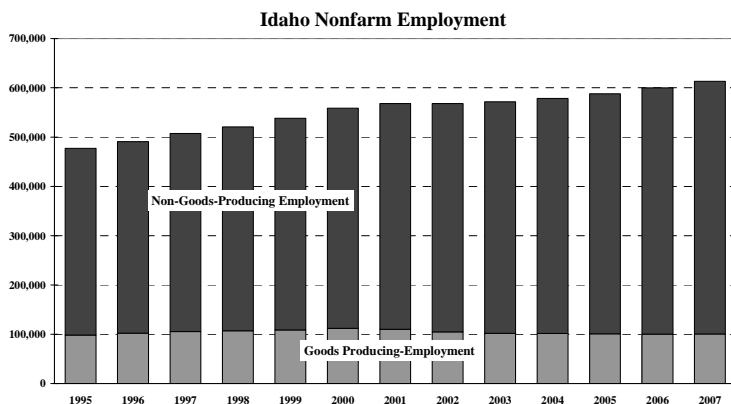
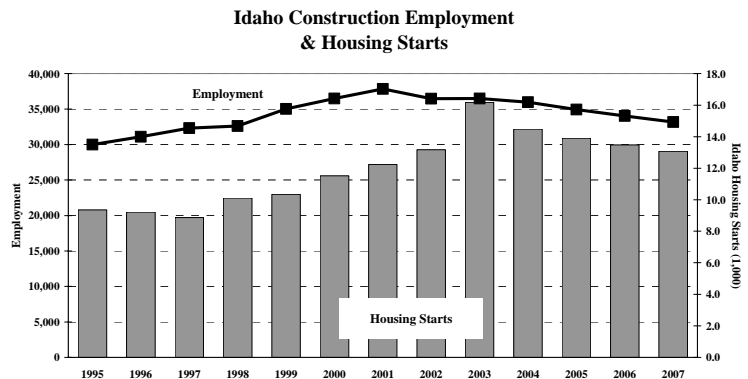
Mining and Chemicals: The Gem State's mining and chemical sectors are anticipated to experience continued hard times over the forecast horizon. The fortunes of these resource-based industries have long been subject to the rise and fall of the business cycle. These ebbs and flows can easily be seen in each sector's employment history. For example, Idaho mining employment fell from the beginning of 1991 until it hit a trough in 1993. Employment hit its next peak in 1997.

The mining sector has been shedding job since then. While it is easy to see the cyclical changes, the scarcity of data makes it harder to see the long-term trend. The new NAICS-based data have many advantages over the older SIC-based data, but it does have a major shortcoming. The detailed NAICS history only goes back to 1991, whereas the SIC data went back to 1969. However, the declining mining employment trend was evident in the SIC-based data, even before the adoption of the NAICS data. Generally, it showed that in recent years each job peak was lower than the previous one while each job trough was deeper than its predecessor. Unfortunately, current mining cycle has yet to find its nadir and Idaho mining employment is not expected to regain the ground it has lost. To do this, several mines would have to reopen. Unfortunately, current business conditions do not seem conducive to reopening mines. The combination of soft demand and the negative trend is expected to force Idaho mining employment to drift further down over the forecast period. Specifically, it is anticipated to drop from 1,785 in 2003 to 1,420 in 2007. The state's chemical sector's journey has been different than the mining sector. It has not experienced the wide employment swings of the mining sector. In fact, it has strayed little from the 2,300-job mark since 1995. However, this changed drastically when the Astaris (formerly FMC) elemental phosphorous plant located just outside of Pocatello closed in 2002. Idaho chemical employment dropped from 2,385 jobs in the second quarter of 2001 to 1,943 jobs a year later. Like the state's reeling mining sector, chemical sector employment is not expected to recover these losses over the forecast period.

Construction: The outlooks for the state's housing starts and construction employment have improved since the last *Forecast* was published. Part of this increase was the unexpected strength both sectors displayed late last year. For example, it was previously forecast Idaho housing starts would shrink in the last quarter of 2003 after surging to 16,398 units in that year's third quarter. This spike was

believed to be a unique phenomenon, thus the return to more normal levels of activity in the fourth quarter. However, history has proven this assumption wrong. According to more current data, Idaho housing starts actually grew at a healthy 18.5% annual rate in 2003's fourth quarter, to nearly 17,470 units. Single-unit housing construction accounted for all of this growth, advancing by a 41.9% annual rate.

The number of multi-unit housing actually shrank at a 63.0% annual rate during this same period. Not surprisingly, Idaho construction employment followed a similar path. Instead of falling as had been previously forecast, it actually expanded slightly in the last quarter of 2003. The late-year growth spurts for housing and construction employment were considered when preparing the new forecasts, but so were other factors. In general, both Idaho housing and construction employment are expected to be slightly stronger than previously forecast. The revised historical data had its largest impact on the starting levels for the forecast. For example, the new data suggest there were about 3,000 more units started in the fourth quarter compared to the previous forecast. However, while housing activity was strong at the end of 2003, its performance was exaggerated by seasonal factors. Housing starts are typically at their lowest point of the year in the winter quarter because of inclement weather. Thus, it is typically boosted by a seasonal factor to account for this seasonal drop. However, if activity is unusually strong, the seasonal factor boost levels too high. This is probably what happened at the end of last year, so the starting point for housing starts in the first quarter of 2004 was set at just under 15,000 units. While this represents a 46.0% annual decline from the last quarter of 2003, it is significantly above the 13,301 units that were forecast previously. As was the case in the last forecast, Idaho housing starts are expected to decline over the forecast period. However, housing declines less steeply compared to the previous forecast. Specifically, it falls an average of 5.2% in the current forecast versus 7.7% in the previous one. The improved forecast reflects the already-mentioned stronger historical data, continued low interest rates, and the more robust population growth. The stronger housing outlook causes Idaho construction employment to improve compared to the previous forecast.



Nongoods-Producing Industries:

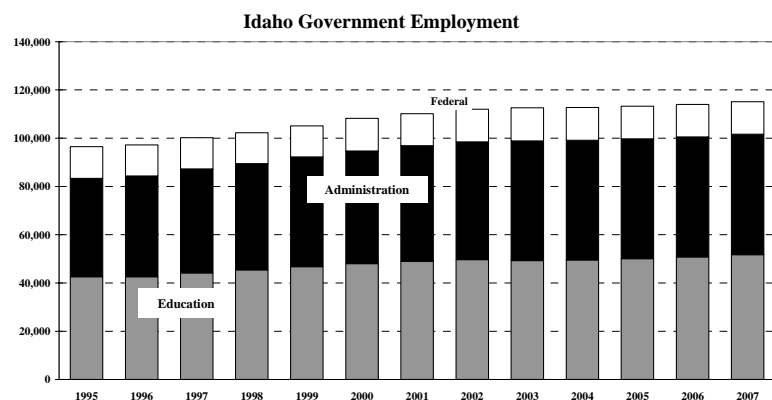
Most of the state's nonfarm jobs are categorized as nongoods-producing jobs. In 2003, this sector accounted for over 80% of all nonfarm jobs in Idaho. Much of this is due to the sheer number of large job categories that come under the nongoods-producing moniker. For example, two of the largest nongoods employers are services and trade. Together they account for three-fourths of nongoods-producing

employment, or over 60% of Idaho total nonfarm employment. The services category is the larger of the two categories and accounts for the lion's share of employment. There were nearly 260,000 service-

related jobs in Idaho in 2003 versus just under 97,000 trade-related jobs. The services sector can be split into its various components. The three largest services components are: professional and business services (70,172); education and health services (62,550); and leisure and hospitality services (54,202). The outlook for professional and business employment resembles the overall job outlook. That is, its growth should pick up steam over time. Education and health services employment should benefit from a couple of population trends. First, is the faster-than-average growth of Idaho's population. Second, is the aging of the population. Both of these factors place increased demands on the health industry. The forecast calls for leisure and hospitality employment to continue expanding through 2007. However, several factors create uncertainties about how well it will perform in the short term. On the plus side, domestic tourism is expected to benefit from the weak dollar, high airline fares for international travel, and fears about traveling abroad. On the minus side, Idaho travel could be hampered this summer by record-high gasoline prices and a limited water recreation season caused by the low mountain snowpack. The next group of service categories consists of sectors with employment of around 20,000. Financial services; transportation, warehousing, and utilities; and other services make up this group. The smallest sector is information services with about 9,200 jobs in 2003. These sectors will benefit from the expected increase in call center hiring. This marks a welcome change from the recent series of call center closings. Major players, such as T-Mobile, Verizon, Qwest, and Citicard, are either in the process of expanding or have announced expansion plans. These have been incorporated into the current forecast. The trade category can be divided into retail and wholesale pieces, with retail being the larger of the two sectors. Since retail is closely tied with tourism, it will be interesting to see how well it weathers the factors affecting the hospitality and recreations category. For example, it remains to be seen whether the weaker dollar will lure Canadian shoppers back into northern Idaho shops or whether high gasoline prices will keep them home. Professional and business services employment should increase an average of 3.6% per year. Education and health services should grow 3.4% annually. The number of information services jobs should grow 3.3% annually. It will be followed by leisure and hospitality services, which is anticipated to advance 2.9%. Other services should advance 2.2% yearly. Financial services employment growth is projected to average 1.9%, while transportation, warehousing, and utilities are expected to average 1.2% growth. The trade sector can also be broken out this way. Retail trade should average 2.4% growth over the forecast period, while wholesale trade advances at a 1.6% yearly pace. Overall, total employment in Idaho's nongoods-producing sector is forecast to rise 1.4% in 2003, 1.6% in 2004, 2.1% in 2005, 2.6% in 2006, and 2.6% in 2007.

Government: The employment outlook for Idaho's state and local government sector over the forecast period has improved slightly. This change primarily reflects the influence of two factors. The first factor affecting the forecast is the availability of additional historical employment data. The new data suggest Idaho state and local employment was weaker than anticipated in the second half of 2003. Specifically, it was projected

in the January 2004 *Idaho Economic Forecast* state and local employment would expand at a 1.9% annual rate in the third quarter of 2003 and by a 0.2% rate in the fourth quarter, bringing the job total to 99,975 at the end of that year. This has been lowered to 98,597 in the current forecast because the new historical data suggest state and local government employment actually shrank during the second half



of the year instead of expanding. Obviously, this lowers the starting point for the forecast. As a result, if nothing else changed, Idaho state and local employment would be lower throughout the forecast period. However, something has changed that causes this sector's employment to grow faster than had been previously forecast. Specifically, the state's population growth rate has been increased. This change was made to reflect better the state's actual population growth. In the past, Idaho's population growth was expected to slow toward the national rate of about 1.0% over the forecast period. However, recently released population estimates suggest the Gem State's population growth rate is not falling as steeply as had been previously forecasted. For example, the population has averaged over 1.5% growth over the 2000 to 2003 period. In 2003 alone the population grew an estimated 1.6%. This was well above the previously forecasted rate of 1.0%. After several years of underestimating the state's population growth, it was decided to raise the expected future growth rates. Specifically, it was previously forecast Idaho's population would expand 1.0% annually over the 2004-2007 period. In the current forecast, the population increases 1.5% this year and next, 1.4% in 2006, and 1.5% in 2007. As a result of this faster growth, the Gem State's population is projected to be 1,444,500 in 2007, compared to the previous estimate of 1,409,000. The education category is most affected by the stronger population growth. Specifically, Idaho education employment averages 1.2% annual growth over the forecast period, compared to the previous estimate of 0.7% annual growth. The current forecast shows non-education employment rising an average of 0.18% per year, versus the previous forecast of 0.25%. It should be pointed out that local governments' ability to increase payrolls is restricted by state-mandated budget caps. Federal government employment in Idaho is the sector least affected by the revised population numbers. As in the previous forecast, this job category is expected to shrink slowly over the next few years.

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FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the January 2004 to the April 2004 *Idaho Economic Forecast*. The January 2004 Idaho forecast is based on Global Insight's November 2003 baseline forecast and the April 2004 Idaho forecast is driven by Global Insight's March 2004 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed since the January 2004 *Idaho Economic Forecast* was published. A comparison between the current and previous national forecast has been complicated because many real values have been revised to a 2000 base year versus the 1996 base year that was used in the last forecast. In order to adjust for the different bases, the estimates from the previous forecast have been rebased to a 2000-base year. Real GDP is 0.5% higher than in the previous forecast in 2004 because the economy grows significantly faster in 2003 and 2004 compared with the previous forecast. After 2004, both forecasts show real GDP growing about 3.6% per year. Inflation is virtually the same in 2003 and 2004 for the two forecasts, but is slightly lower in the current forecast beginning with 2005. The combined result at the end of the forecast period is real GDP is \$83 billion (0.7%) higher than in the former forecast. The current forecast projects U.S. nonfarm employment would advance 1.2% annually over the 2003-2005 period. In comparison, a few months ago nonfarm employment was forecast to grow 1.3%. While the difference in growth rates appears minor, the result is nonfarm employment is expected to be nearly 1.1 million (0.8%) lower in 2007 than had been previously forecasted.

The most notable change between the previous and current Idaho forecasts is jobs. First, the starting point for the Idaho nonfarm employment forecast was lowered because new job data showed the previous forecast was too optimistic. Instead of ending 2003 with the 576,297 jobs expected in the previous forecast, the new data show Idaho nonfarm employment was actually 571,798 at the end of the year. In addition to the lower starting point, the growth rate for jobs during the first two years of the forecast has been lowered. Specifically, instead of averaging 1.6% in 2004 and 2005, Idaho nonfarm employment growth should average 1.4% over those two years. As a result, Idaho nonfarm employment is expected to be 587,844 in 2005, or about 3,900 below the previous prediction. However, employment growth is expected to accelerate in the last two years of the forecast and make up most of the ground lost during 2004 and 2005. Idaho nominal personal income displays a similar pattern as nonfarm employment. Namely, it grows slightly slower in 2004 and 2005 than its predecessor, but advances faster in 2006 and 2007. As a result, Idaho real personal income is \$78 million (0.5%) higher in 2007 compared to the previous forecast.

IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
APRIL 2004 AND JANUARY 2004 FORECASTS

	2000	2001	2002	2003	2004	2005	2006	2007
GDP (BILLIONS)								
Current \$	-8	19	35	61	103	71	62	68
% Difference	-0.1%	0.2%	0.3%	0.6%	0.9%	0.6%	0.5%	0.5%
2000 Chain-Weighted	-8	17	-8	12	50	55	78	83
% Difference	-0.1%	0.2%	-0.1%	0.1%	0.5%	0.5%	0.7%	0.7%
PERSONAL INCOME - CURR \$								
Idaho (Millions)	0	0	0	48	-389	-363	-185	-99
% Difference	0.0%	0.0%	0.0%	0.1%	-1.0%	-0.9%	-0.4%	-0.2%
U.S. (Billions)	23	28	-12	-18	-99	-124	-106	-97
% Difference	0.3%	0.3%	-0.1%	-0.2%	-1.0%	-1.2%	-1.0%	-0.8%
PERSONAL INCOME - 2000 \$								
Idaho (Millions)	0	-4	-2	85	-343	-156	116	178
% Difference	0.0%	0.0%	0.0%	0.3%	-1.1%	-0.5%	0.3%	0.5%
U.S. (Billions)	23	26	-12	-7	-87	-67	-22	-16
% Difference	0.3%	0.3%	-0.1%	-0.1%	-1.0%	-0.8%	-0.2%	-0.2%
TOTAL NONFARM EMPLOYMENT								
Idaho	2	-2	-7	-2,054	-3,470	-3,890	-2,196	-238
% Difference	0.0%	0.0%	0.0%	-0.4%	-0.6%	-0.7%	-0.4%	0.0%
U.S. (Thousands)	1	7	-33	-72	-559	-844	-886	-1,088
% Difference	0.0%	0.0%	0.0%	-0.1%	-0.4%	-0.6%	-0.6%	-0.8%
GOODS PRODUCING SECTOR								
Idaho	-2	-5	-7	-117	773	752	516	995
% Difference	0.0%	0.0%	0.0%	-0.1%	0.8%	0.8%	0.5%	1.0%
U.S. (Thousands)	1	1	-64	-228	-217	-275	-256	-218
% Difference	0.0%	0.0%	-0.3%	-1.0%	-1.0%	-1.2%	-1.1%	-1.0%
NONGOODS PRODUCING SECTOR								
Idaho	4	3	0	-1,936	-4,243	-4,642	-2,713	-1,233
% Difference	0.0%	0.0%	0.0%	-0.4%	-0.9%	-0.9%	-0.5%	-0.2%
U.S. (Thousands)	0	7	31	156	-342	-569	-630	-870
% Difference	0.0%	0.0%	0.0%	0.1%	-0.3%	-0.5%	-0.6%	-0.7%
FINANCIAL MARKETS								
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.6%	0.1%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.6%	0.1%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.4%	-0.4%
INFLATION								
GDP Price Deflator	0.00	0.01	0.43	0.48	0.45	0.11	-0.21	-0.22
Personal Cons Deflator	0.00	0.01	0.01	-0.12	-0.06	-0.54	-0.85	-0.78
Consumer Price Index	-0.01	-0.02	0.01	-0.04	0.52	-0.58	-1.42	-1.79

Forecast Begins the **FOURTH** Quarter of 2003

ALTERNATIVE FORECASTS

Global Insight has assigned a 55% probability of occurrence to its March 2004 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 3.1% in 2003, 4.7% in 2004, 3.6% in 2005, 3.7% in 2006, and 3.6% in 2007;
- U.S. nonfarm employment declines 0.3% in 2003, then grows 0.8% in 2004, 2.0% in 2005, 1.8% in 2006, and 1.6% in 2007;
- the U.S. civilian unemployment rate falls gradually from 6.0% in 2003 to 5.3% by 2007;
- inflation is 2.3% in 2003, 1.7% in 2004, 1.3% in 2005, 1.6% in 2006, and 2.1% in 2007;
- the current account deficit grows from \$550 billion in 2003 to \$615.5 billion in 2004.

By almost all measures the U.S. economy is healthy. Inflation is dormant, real GDP growth is strong, interest rates are low, productivity is surging, profits are high, exports are growing, the stock market is recovering nicely, and the unemployment rate is at its long-term average. The only missing element is jobs. A few months ago it appeared the economy may have begun adding jobs. However, several subsequent months of disappointing job growth has raised doubts about the employment recovery. Thus, the future of the economy hinges on future job performance.

The baseline forecast looks fairly positive. Real GDP is expected to march forward. Inflation should remain low. And the unemployment rate is projected to drop to 5.5%, which is considered full-employment by many economists. The two alternatives presented here explore what would happen if the economy took different paths than the baseline. The first alternative assumes there is more strength in the forecast than in the baseline. The second alternative assumes the economy grows slower than in the baseline. Each of these two alternatives is discussed in more detail below.

OPTIMISTIC SCENARIO

The *Optimistic Scenario* has been assigned a 20% probability of occurrence. This scenario differs from the baseline in five main ways. The dollar is weaker, foreign growth is stronger, the housing boom lasts longer, total factor productivity is higher, and investment in information-related equipment is stronger. While these assumptions may seem like wishful thinking, a solid case can be made for each of them. This is mainly because they differ just slightly from the baseline. For example, in the Optimistic Scenario the dollar slides 11% against other developed countries' currencies compared to 10% in the baseline. Growth in foreign economies is about 0.5 percentage point stronger compared to the baseline in 2004.

These differing assumptions cause the economy to grow faster than in the baseline. Real GDP advances 5.3% this year (0.6 percentage points faster than in the baseline) and 3.9% in 2005 (0.3 percentage points faster than in the baseline). Nonfarm employment growth is also noticeably higher this year and next. The U.S. civilian unemployment rate declines more steeply than in the baseline, falling to 5.1% in 2005, compared with 5.4% in the baseline. Because both GDP growth and labor markets are stronger, inflation is a bit higher. As a result, the Federal Reserve keeps its federal funds rate about 0.25 percentage point higher than its baseline counterpart through most of the forecast period.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
APRIL 2004

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
GDP (BILLIONS)												
Current \$	11,683	12,282	12,945	13,678	11,741	12,381	13,055	13,799	11,628	12,075	12,648	13,251
% Ch	6.3%	5.1%	5.4%	5.7%	6.9%	5.5%	5.4%	5.7%	5.9%	3.8%	4.7%	4.8%
2000 Chain-Weighted	10,887	11,277	11,699	12,119	10,944	11,374	11,802	12,214	10,836	11,108	11,505	11,905
% Ch	4.7%	3.6%	3.7%	3.6%	5.3%	3.9%	3.8%	3.5%	4.2%	2.5%	3.6%	3.5%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	36,779	38,618	40,980	43,503	36,945	38,996	41,399	43,968	36,683	38,003	39,918	42,062
% Ch	4.5%	5.0%	6.1%	6.2%	4.9%	5.6%	6.2%	6.2%	4.2%	3.6%	5.0%	5.4%
U.S. (Billions)	9,587	10,099	10,711	11,374	9,615	10,170	10,797	11,470	9,560	9,947	10,448	11,000
% Ch	4.3%	5.3%	6.1%	6.2%	4.6%	5.8%	6.2%	6.2%	4.0%	4.0%	5.0%	5.3%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	34,415	35,620	37,139	38,557	34,559	35,944	37,487	38,892	34,317	35,136	36,468	37,849
% Ch	2.9%	3.5%	4.3%	3.8%	3.4%	4.0%	4.3%	3.7%	2.6%	2.4%	3.8%	3.8%
U.S. (Billions)	8,971	9,315	9,707	10,081	8,994	9,374	9,777	10,146	8,944	9,197	9,545	9,899
% Ch	2.8%	3.8%	4.2%	3.8%	3.0%	4.2%	4.3%	3.8%	2.5%	2.8%	3.8%	3.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	578,455	587,844	599,856	613,312	580,389	591,782	604,482	618,120	577,381	582,283	590,992	602,375
% Ch	1.2%	1.6%	2.0%	2.2%	1.6%	2.0%	2.1%	2.3%	1.0%	0.8%	1.5%	1.9%
U.S. (Thousands)	130,932	133,550	135,968	138,204	131,231	134,275	136,742	138,846	130,658	132,183	133,943	135,837
% Ch	0.8%	2.0%	1.8%	1.6%	1.0%	2.3%	1.8%	1.5%	0.6%	1.2%	1.3%	1.4%
GOODS PRODUCING SECTOR												
Idaho	101,484	100,866	100,281	100,592	102,757	102,814	102,143	102,333	100,815	98,206	96,802	96,690
% Ch	-0.6%	-0.6%	-0.6%	0.3%	0.6%	0.1%	-0.7%	0.2%	-1.3%	-2.6%	-1.4%	-0.1%
U.S. (Thousands)	21,708	21,995	22,272	22,574	21,744	22,216	22,606	22,863	21,617	21,502	21,415	21,591
% Ch	-0.5%	1.3%	1.3%	1.4%	-0.3%	2.2%	1.8%	1.1%	-0.9%	-0.5%	-0.4%	0.8%
NONGOODS PRODUCING SECTOR												
Idaho	476,971	486,978	499,575	512,720	477,633	488,968	502,339	515,787	476,566	484,076	494,190	505,685
% Ch	1.6%	2.1%	2.6%	2.6%	1.8%	2.4%	2.7%	2.7%	1.5%	1.6%	2.1%	2.3%
U.S. (Thousands)	109,224	111,555	113,695	115,631	109,488	112,059	114,136	115,982	109,041	110,681	112,529	114,246
% Ch	1.0%	2.1%	1.9%	1.7%	1.3%	2.3%	1.9%	1.6%	0.9%	1.5%	1.7%	1.5%
SELECTED INTEREST RATES												
Federal Funds	1.1%	2.4%	3.0%	3.2%	1.1%	2.6%	3.3%	3.4%	1.0%	1.0%	1.5%	2.6%
Bank Prime	4.1%	5.4%	6.0%	6.2%	4.1%	5.6%	6.3%	6.4%	4.0%	4.0%	4.5%	5.6%
Existing Home Mortgage	6.1%	6.5%	6.7%	6.8%	6.1%	6.6%	6.7%	6.8%	6.0%	6.0%	6.1%	6.6%
INFLATION												
GDP Price Deflator	1.6%	1.5%	1.6%	2.0%	1.5%	1.5%	1.6%	2.1%	1.6%	1.3%	1.1%	1.3%
Personal Cons Deflator	1.5%	1.4%	1.8%	2.3%	1.5%	1.5%	1.6%	2.1%	1.5%	1.2%	1.2%	1.5%
Consumer Price Index	1.7%	1.3%	1.6%	2.1%	1.7%	1.3%	1.6%	2.2%	1.7%	1.0%	1.0%	1.4%

Forecast Begins the **FOURTH** Quarter of 2003

Idaho's economic outlook improves in this scenario, with most of the boost coming in the first two years of the forecast. Idaho nonfarm employment increases 1.6% in 2004 and 2.0% in 2005, which is 0.4 percentage points faster in each year compared to the baseline. In 2006 and 2007, the growth gap shrinks, and nonfarm employment grows just 0.1 percentage point faster than in the baseline scenario. As a result of the faster job growth over the forecast period, Idaho nonfarm employment is forecast to be 618,120 in 2007, which is more than 4,800 above its baseline counterpart. Idaho real personal income also receives a noticeable boost in the first half of the forecast horizon, which helps push it to \$38.9 billion in 2007. In the *Baseline Scenario*, Idaho real personal income is anticipated to be \$38.6 billion in that same year.

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* is the more likely to occur of the two alternative scenarios presented. It has been assigned a 25% probability of occurrence. The *Pessimistic Scenario* assumes U.S. companies continue to find efficiency gains, substitute more capital for labor, and replace foreign labor for domestic labor. Hiring does improve in this scenario, but not enough to prevent the unemployment rate from increasing to 5.9% by the end of this year and 6.4% by the middle of next year. The slower job growth dampens consumers' income and spending. Businesses continue to invest, but at a slower pace than in the baseline. The economy is also hampered by higher oil prices and poor growth abroad.

Economic growth does not collapse, but instead fades due to the lack of robust job growth. Real GDP advances 4.2% in 2004 (compared with the baseline's 4.7%) and 2.5% in 2005 (compared with the baseline's 3.6%). Fading overall growth and rising unemployment keep the inflation rate low. As a result, the Federal Reserve has no need to hike interest rates. It holds the federal funds rate at 1.0% into early 2006, keeping an ultra-simulative policy that prevents the slide from turning into a new recession. In fact, real GDP recovers in 2006 and 2007, growing just a hair under the baseline rates for those same years.

The impacts from the weaker U.S. economy presented in this scenario ripple through the Idaho economy. For example, Idaho nonfarm employment growth is lower in each year of the forecast compared to the baseline employment. The Gem State's goods-producing sector is particularly hard hit. This sector was projected to decline in the baseline forecast. However, it declines at least twice as fast in each year in the *Pessimistic Scenario*, so at the end of the forecast period there are about 96,690 goods-producing jobs, compared to nearly 100,300 jobs in the baseline forecast. In the *Pessimistic Scenario* there is a total of 602,375 nonfarm jobs in Idaho in 2007. In the *Baseline Scenario* there are 613,312 jobs. Not surprisingly, the forecast for Idaho real personal income growth has also been lowered in the *Pessimistic Scenario*. As a result, it is just \$37.8 billion in 2007, which is significantly lower than the baseline's \$38.6 billion.

Understanding Deflation

By, Tao Wu

Since the double-digit inflation of the 1970s, the Federal Reserve has consistently pursued the goal of price stability in the United States. And, since the second half of 2002, the year-to-year increase in the core Consumer Price Index (that is, excluding the relatively volatile food and energy components) has been below 2%, which, according to Fed Governor Bernanke, is probably the de facto equivalent of price stability (Bernanke 2003).

This development in the U.S. economy inflation dynamics is unambiguously an important achievement. However, last year, as the prospects for growth remained uncertain, there were concerns that the downward tendency of inflation might continue, posing a remote, but still possible, risk that the inflation rate could fall to a level that is too low. For instance, the balance-of-risks statement issued at the close of the FOMC meeting on May 6, 2003, recognized explicitly that the probability of an unwelcome substantial fall in inflation, though minor, exceeds that of a pickup in inflation from its already low level.

This Economic Letter examines the distinct features of deflation, discusses why it is a matter of concern to the public and to policymakers in general, and looks at the recent experience of the inflation and deflation in the U.S. and other countries.

What is deflation?

Let's first be clear about the definition of deflation. Deflation refers not to falling prices anywhere in the economy, but to a decline in the general price level across the economy. In other words, it is a decline in the price level, not a decline in the growth rate of the price level. The latter is often referred to as "disinflation," which means a decline in the rate of inflation.

It also is useful to be clear that, for the purposes here, one need not make a strict distinction between the low inflation and the deflation. Part of the reason is that, in reality, it is hard to distinguish between very low inflation and modest deflation. This is because inflation as measured by regular price indices is often biased upward; for instance, according to statistical analysis, the annual inflation rate as measured by core Personal Consumption Expenditure (PCE) price index is probably biased upward by about 0.5 percentage point, and the bias can be even a bit higher when measured by core Consumer Price Index (CPI). Therefore, when the measured inflation rate is below 1%, one cannot really tell for sure whether we are experiencing low inflation or modest deflation.

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Another, perhaps more fundamental, reason for not making such a distinction is that, as the economy swings from low inflation to modest deflation, the dynamics of inflation and most other aspects of the economy do not change dramatically. In particular, in examining the potential costs to the economy, there is no sharp discontinuity around the switch point. Therefore, one may not need to separate these two scenarios in discussing the causes or the implications of deflation.

In thinking of deflation, one should keep in mind that the term describes only the dynamics of the overall price level. It does not imply any specific description of real economic activity. As a matter of fact, deflation can be accompanied by a weak economy as well as a by strong economy, and the recent experience of Japan and Germany illustrate this point. Figure 1 shows that Japan experienced a contraction in real GDP accompanied by a fall in the Consumer Price Index in 1998 and early 1999. In contrast, Figure 2 illustrates that Germany experienced a deflation (or very low inflation) in 1999 and 2000, along with strong real GDP growth. Still, examples of deflation accompanied by economic strength are rarer in modern industrialized economies.

What can cause deflation?

Macroeconomists generally agree that, in the long run, inflation and deflation are monetary phenomena. However, in the short run, many factors can push the economy toward deflation. One type of factor is a positive shock to supply in the economy. For instance, a positive shock to labor productivity will put downward pressure on prices. This occurs because nominal wages and salaries are slow to adjust to unexpected changes in output per hour. With output per hour rising faster than wages, unit labor costs decline. In competitive markets, this will

Figure 1
Japan: Real GDP and CPI
(Log change over prior 12 months)

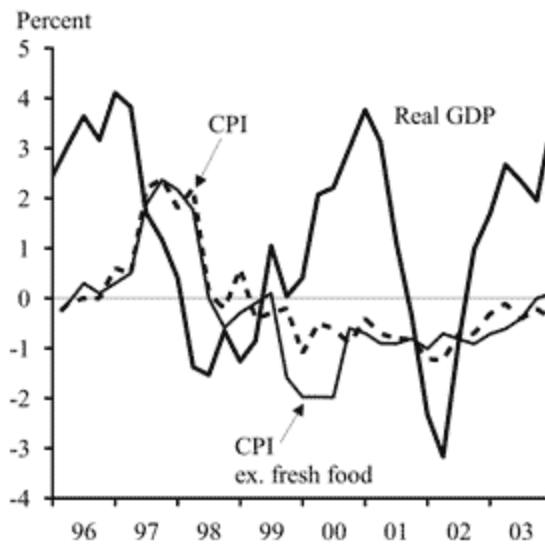
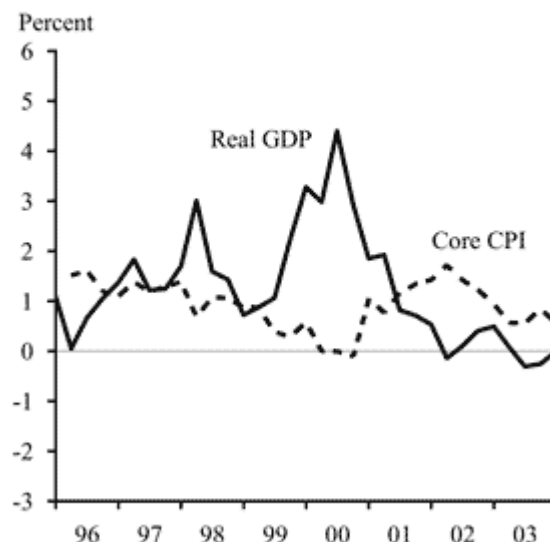
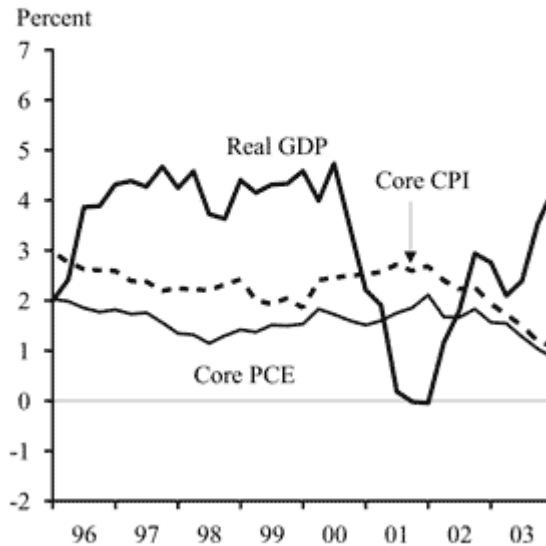


Figure 2
Germany: Real GDP and Core CPI
(Log change over prior 12 months)



induce firms to reduce their product prices, and the increase in general price level will tend to slow. For instance, as shown in Figure 3, the productivity surge in the U.S. in the late 1990s boosted real GDP growth while keeping the inflation rate on a downward trajectory ("disinflation"). Another example of a positive supply shock might be a decline in the price of oil. It is possible that if the positive supply shocks were prolonged, the inflation rate would probably continue to fall and could eventually lead to deflation, even while, at the same time, economic growth might be quite satisfactory.

Figure 3
USA: Real GDP and Core PCE & CPI
 (Log change over prior 12 months)



Deflation also can be induced by negative shocks to aggregate demand. A negative shock that persistently affects aggregate spending, such as a continued decline in consumer confidence, will increase slack in labor and product markets. High unemployment and low capacity utilization will then cause the inflation rate to decrease gradually over time, until the economy returns to full employment.

Why is deflation costly?

Deflation is essentially just the opposite of inflation. Therefore, the reasons that inflation is costly will tend to apply also to deflation. For instance, like an unexpected inflation, an unexpected deflation will tend to redistribute wealth between borrowers and lenders when debt contracts are not indexed. Deflation also degrades the efficiency of the price system as resource allocator and adds complexity to people's and firms' decisionmaking. It also distorts the tax treatment of capital because taxation generally uses nominal income rather than real income as the tax base.

When the economy is in a prolonged recession, a deflation can be even more costly than an inflation, as couple of factors may come into play and worsen the situation. First, if the short-term nominal interest rate is already low, declining inflation and the Federal Reserve policy actions to stimulate the economy may eventually push it toward zero. Because the nominal interest rate cannot be reduced further, worsening deflation would raise the real interest rate, effectively tightening monetary policy and discouraging consumption and investment. Theoretically it may even further reduce aggregate demand and the general price level, and continue the downward spiral. Reifschneider and Williams (2000) describe this situation as a "deflation trap" for monetary policymakers, because the conventional open-market operations alone will no longer be able to stabilize the economy.

Second, the labor market adjustment may be more difficult. During a recession, unemployment is typically higher, as the demand for workers is weak. In order to boost employment, nominal wages need to fall. But workers are typically very resistant to accepting wage reductions in nominal terms. Therefore real wages tend not to decline to the level required to "clear the market," and, as a result the job losses in this situation might be greater than in a modest inflation. This may prolong the recession on several counts. It could affect factors like consumer confidence, thereby weakening aggregate demand. It also could discourage firms from increasing employment, given that product prices and profit margins are shrinking.

The situation could get even worse if the financial sector were fragile. As Bernanke (2003) pointed out, if the balance sheets of households and the corporate sector are in poor condition and if banks are undercapitalized and heavily burdened with nonperforming loans, deflation would increase the real burden of servicing these debts, increasing the amount of nonperforming loans and worsening the balance sheets of both the corporate and the financial sector. This may "exacerbate financial distress and cause further deterioration in the functioning of the financial markets." (Bernanke 2003) This process of "debt inflation" played an important role in the U.S. deflation and depression in 1930s and it probably also played a role in contemporary Japan.

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Reifschneider, David, and John C. Williams. 2000. "Three Lessons for Monetary Policy in a Low-Inflation Era." *Journal of Money, Credit, and Banking* 32(4).

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Reporting Conventions

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

Data Sources

National forecast data are provided by Global Insight and the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data are obtained from the Department of Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

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DEMOGRAPHICS

	1992	1993	1994	1995	1996	1997	1998	1999
POPULATION								
Idaho (Thousands)	1,072.1	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7
% Ch	3.0%	3.4%	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%
National (Millions)	257.308	260.638	263.819	266.942	270.078	273.307	276.508	279.682
% Ch	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
BIRTHS								
Idaho (Thousands)	17.197	17.575	17.690	17.915	18.482	18.599	19.188	19.897
% Ch	2.7%	2.2%	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%
National (Thousands)	4,038	3,997	3,964	3,935	3,911	3,892	3,880	3,874
% Ch	-1.8%	-1.0%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	-0.2%
DEATHS								
Idaho (Thousands)	7.887	8.277	8.478	8.553	8.679	8.953	9.105	9.488
% Ch	3.2%	4.9%	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%
National (Thousands)	2,210	2,237	2,264	2,291	2,318	2,345	2,372	2,399
% Ch	2.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
NET MIGRATION								
Idaho (Thousands)	21.659	27.168	27.115	22.652	16.417	15.583	13.836	12.975
HOUSING								
HOUSING STARTS								
Idaho	9,584	11,457	12,766	9,360	9,220	8,863	10,111	10,340
% Ch	45.2%	19.5%	11.4%	-26.7%	-1.5%	-3.9%	14.1%	2.3%
National (Millions)	1.201	1.292	1.446	1.361	1.469	1.475	1.621	1.647
% Ch	19.1%	7.5%	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%
SINGLE UNITS								
Idaho	7,900	8,939	9,420	7,280	7,849	7,658	9,041	9,190
% Ch	39.5%	13.1%	5.4%	-22.7%	7.8%	-2.4%	18.1%	1.7%
National (Millions)	1.032	1.131	1.191	1.082	1.154	1.136	1.278	1.306
% Ch	23.6%	9.6%	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%
MULTIPLE UNITS								
Idaho	1,684	2,518	3,346	2,080	1,371	1,205	1,070	1,150
% Ch	79.6%	49.5%	32.9%	-37.8%	-34.1%	-12.1%	-11.2%	7.5%
National (Millions)	0.170	0.161	0.255	0.279	0.314	0.338	0.344	0.341
% Ch	-2.4%	-5.1%	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%
HOUSING STOCK								
Idaho (Thousands)	347.4	356.9	368.7	377.8	386.2	393.7	402.3	411.3
% Ch	2.2%	2.7%	3.3%	2.4%	2.2%	1.9%	2.2%	2.2%

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DEMOGRAPHICS

	2000	2001	2002	2003	2004	2005	2006	2007
POPULATION								
Idaho (Thousands)	1,299.1	1,320.7	1,341.0	1,362.5	1,383.4	1,403.4	1,423.7	1,444.5
% Ch	1.8%	1.7%	1.5%	1.6%	1.5%	1.5%	1.4%	1.5%
National (Millions)	282.795	285.721	288.599	291.448	294.326	296.984	299.506	302.012
% Ch	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	0.8%	0.8%
BIRTHS								
Idaho (Thousands)	20.304	20.684	20.988	21.318	21.633	21.918	22.212	22.524
% Ch	2.0%	1.9%	1.5%	1.6%	1.5%	1.3%	1.3%	1.4%
National (Thousands)	3,872	3,876	3,885	3,901	3,925	3,955	3,991	4,033
% Ch	-0.1%	0.1%	0.2%	0.4%	0.6%	0.8%	0.9%	1.0%
DEATHS								
Idaho (Thousands)	9.538	9.811	9.935	10.116	10.273	10.426	10.579	10.736
% Ch	0.5%	2.9%	1.3%	1.8%	1.6%	1.5%	1.5%	1.5%
National (Thousands)	2,424	2,446	2,467	2,487	2,507	2,528	2,548	2,569
% Ch	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
NET MIGRATION								
Idaho (Thousands)	12.658	10.645	9.311	10.256	9.533	8.572	8.670	9.014
HOUSING								
HOUSING STARTS								
Idaho	11,524	12,239	13,170	16,181	14,480	13,906	13,483	13,071
% Ch	11.4%	6.2%	7.6%	22.9%	-10.5%	-4.0%	-3.0%	-3.1%
National (Millions)	1.573	1.601	1.711	1.848	1.840	1.721	1.686	1.713
% Ch	-4.5%	1.8%	6.9%	8.0%	-0.4%	-6.5%	-2.0%	1.6%
SINGLE UNITS								
Idaho	10,376	10,428	11,152	13,743	12,675	12,320	12,115	11,859
% Ch	12.9%	0.5%	6.9%	23.2%	-7.8%	-2.8%	-1.7%	-2.1%
National (Millions)	1.232	1.272	1.364	1.501	1.512	1.436	1.409	1.407
% Ch	-5.7%	3.2%	7.2%	10.1%	0.7%	-5.0%	-1.8%	-0.2%
MULTIPLE UNITS								
Idaho	1,148	1,811	2,019	2,438	1,805	1,586	1,368	1,212
% Ch	-0.2%	57.8%	11.5%	20.8%	-26.0%	-12.1%	-13.7%	-11.5%
National (Millions)	0.341	0.330	0.347	0.347	0.328	0.285	0.277	0.305
% Ch	0.1%	-3.5%	5.4%	-0.1%	-5.4%	-13.1%	-3.1%	10.5%
HOUSING STOCK								
Idaho (Thousands)	421.2	432.1	442.9	456.8	470.9	483.5	495.7	507.5
% Ch	2.4%	2.6%	2.5%	3.1%	3.1%	2.7%	2.5%	2.4%

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OUTPUT, INCOME, & WAGES

	1992	1993	1994	1995	1996	1997	1998	1999
GROSS DOM. PRODUCT (Billions)								
Current Dollars	6,338	6,657	7,072	7,398	7,817	8,304	8,747	9,268
% Ch	5.7%	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%
2000 Chain-Weighted	7,337	7,533	7,835	8,032	8,329	8,704	9,067	9,470
% Ch	3.3%	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%
 PERSONAL INCOME - CURR \$								
Idaho (Millions)	18,382	20,105	21,399	22,869	24,174	25,227	27,066	28,902
% Ch	9.3%	9.4%	6.4%	6.9%	5.7%	4.4%	7.3%	6.8%
Idaho Nonfarm (Millions)	17,581	19,040	20,706	22,073	23,298	24,557	26,149	27,872
% Ch	9.7%	8.3%	8.7%	6.6%	5.6%	5.4%	6.5%	6.6%
National (Billions)	5,362	5,559	5,843	6,152	6,521	6,915	7,423	7,802
% Ch	6.2%	3.7%	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%
 PERSONAL INCOME - 2000 \$								
Idaho (Millions)	21,416	22,896	23,866	24,971	25,840	26,519	28,199	29,617
% Ch	6.2%	6.9%	4.2%	4.6%	3.5%	2.6%	6.3%	5.0%
Idaho Nonfarm (Millions)	20,483	21,683	23,092	24,102	24,904	25,815	27,244	28,562
% Ch	6.6%	5.9%	6.5%	4.4%	3.3%	3.7%	5.5%	4.8%
National (Billions)	6,247	6,330	6,516	6,718	6,970	7,269	7,734	7,996
% Ch	3.2%	1.3%	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%
 PER CAPITA PERS INC - CURR \$								
Idaho	17,144	18,133	18,688	19,430	20,091	20,535	21,611	22,654
% Ch	6.1%	5.8%	3.1%	4.0%	3.4%	2.2%	5.2%	4.8%
National	20,838	21,326	22,145	23,047	24,142	25,301	26,844	27,896
% Ch	4.8%	2.3%	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%
 PER CAPITA PERS INC - 2000 \$								
Idaho	19,975	20,651	20,843	21,217	21,476	21,587	22,517	23,216
% Ch	3.1%	3.4%	0.9%	1.8%	1.2%	0.5%	4.3%	3.1%
National	24,278	24,287	24,699	25,166	25,807	26,597	27,968	28,589
% Ch	1.8%	0.0%	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%
 AVERAGE ANNUAL WAGE								
Idaho	21,640	22,075	22,770	23,636	24,192	24,876	25,878	27,011
% Ch	4.2%	2.0%	3.1%	3.8%	2.4%	2.8%	4.0%	4.4%
National	27,410	27,807	28,279	29,148	30,237	31,582	33,219	34,622
% Ch	5.2%	1.4%	1.7%	3.1%	3.7%	4.5%	5.2%	4.2%

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OUTPUT, INCOME, & WAGES

	2000	2001	2002	2003	2004	2005	2006	2007
GROSS DOM. PRODUCT (Billions)								
Current Dollars	9,817	10,101	10,481	10,985	11,683	12,282	12,945	13,678
% Ch	5.9%	2.9%	3.8%	4.8%	6.3%	5.1%	5.4%	5.7%
2000 Chain-Weighted	9,817	9,867	10,083	10,398	10,887	11,277	11,699	12,119
% Ch	3.7%	0.5%	2.2%	3.1%	4.7%	3.6%	3.7%	3.6%
 PERSONAL INCOME - CURR \$								
Idaho (Millions)	31,177	32,363	33,585	35,209	36,779	38,618	40,980	43,503
% Ch	7.9%	3.8%	3.8%	4.8%	4.5%	5.0%	6.1%	6.2%
Idaho Nonfarm (Millions)	30,382	31,400	32,572	33,942	35,615	37,421	39,755	42,328
% Ch	9.0%	3.3%	3.7%	4.2%	4.9%	5.1%	6.2%	6.5%
National (Billions)	8,430	8,713	8,910	9,192	9,587	10,099	10,711	11,374
% Ch	8.0%	3.4%	2.3%	3.2%	4.3%	5.3%	6.1%	6.2%
 PERSONAL INCOME - 2000 \$								
Idaho (Millions)	31,175	31,716	32,471	33,435	34,415	35,620	37,139	38,557
% Ch	5.3%	1.7%	2.4%	3.0%	2.9%	3.5%	4.3%	3.8%
Idaho Nonfarm (Millions)	30,381	30,772	31,491	32,231	33,326	34,515	36,029	37,516
% Ch	6.4%	1.3%	2.3%	2.4%	3.4%	3.6%	4.4%	4.1%
National (Billions)	8,429	8,539	8,615	8,729	8,971	9,315	9,707	10,081
% Ch	5.4%	1.3%	0.9%	1.3%	2.8%	3.8%	4.2%	3.8%
 PER CAPITA PERS INC - CURR \$								
Idaho	23,997	24,505	25,044	25,841	26,586	27,516	28,782	30,114
% Ch	5.9%	2.1%	2.2%	3.2%	2.9%	3.5%	4.6%	4.6%
National	29,807	30,495	30,874	31,537	32,571	34,005	35,762	37,659
% Ch	6.9%	2.3%	1.2%	2.1%	3.3%	4.4%	5.2%	5.3%
 PER CAPITA PERS INC - 2000 \$								
Idaho	23,996	24,016	24,213	24,539	24,877	25,380	26,085	26,691
% Ch	3.4%	0.1%	0.8%	1.3%	1.4%	2.0%	2.8%	2.3%
National	29,807	29,886	29,851	29,948	30,478	31,365	32,410	33,379
% Ch	4.3%	0.3%	-0.1%	0.3%	1.8%	2.9%	3.3%	3.0%
 AVERAGE ANNUAL WAGE								
Idaho	28,688	28,687	29,041	29,761	30,804	31,881	33,024	34,293
% Ch	6.2%	0.0%	1.2%	2.5%	3.5%	3.5%	3.6%	3.8%
National	36,642	37,493	38,165	39,147	40,417	41,960	43,527	45,362
% Ch	5.8%	2.3%	1.8%	2.6%	3.2%	3.8%	3.7%	4.2%

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PERSONAL INCOME--CURRENT \$\$

	1992	1993	1994	1995	1996	1997	1998	1999
WAGE AND SALARY PAYMENTS								
Idaho (Millions)	9,307	9,991	10,916	11,725	12,316	13,109	13,973	15,040
% Ch	9.1%	7.3%	9.3%	7.4%	5.0%	6.4%	6.6%	7.6%
National (Billions)	2,980	3,083	3,232	3,419	3,620	3,878	4,183	4,466
% Ch	5.6%	3.4%	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%
FARM PROPRIETORS INCOME								
Idaho (Millions)	603	839	410	496	585	344	580	699
% Ch	0.3%	39.3%	-51.2%	21.1%	17.9%	-41.1%	68.5%	20.5%
National (Billions)	35	31	34	23	37	34	29	29
% Ch	29.1%	-9.6%	8.8%	-33.2%	64.6%	-8.3%	-14.1%	-2.7%
NONFARM PROPRIETORS INCOME								
Idaho (Millions)	1,833	2,139	2,342	2,264	2,337	2,408	2,602	3,040
% Ch	21.0%	16.7%	9.5%	-3.3%	3.2%	3.0%	8.1%	16.8%
National (Billions)	393	423	439	469	506	542	598	650
% Ch	12.2%	7.5%	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%
DIVIDENDS, RENT & INTEREST								
Idaho (Millions)	3,367	3,554	3,925	4,377	4,650	5,044	5,470	5,468
% Ch	3.5%	5.6%	10.4%	11.5%	6.2%	8.5%	8.4%	0.0%
National (Billions)	989	997	1,070	1,139	1,221	1,310	1,421	1,412
% Ch	-0.3%	0.9%	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%
OTHER LABOR INCOME								
Idaho (Millions)	1,415	1,591	1,725	1,714	1,728	1,681	1,726	1,800
% Ch	11.8%	12.5%	8.4%	-0.6%	0.8%	-2.7%	2.6%	4.3%
National (Billions)	442	472	493	494	492	498	530	562
% Ch	8.7%	6.8%	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%
GOVT. TRANSFERS TO INDIV.								
Idaho (Millions)	2,442	2,626	2,777	3,012	3,285	3,394	3,499	3,680
% Ch	11.4%	7.5%	5.8%	8.5%	9.1%	3.3%	3.1%	5.2%
National (Billions)	749	790	827	877	925	951	979	1,022
% Ch	12.4%	5.4%	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%
CONTRIB. FOR SOCIAL INSUR.								
Idaho (Millions)	756	817	900	949	987	1,045	1,102	1,182
% Ch	7.5%	8.0%	10.2%	5.5%	4.0%	5.8%	5.5%	7.2%
National (Billions)	228	240	254	264	275	290	307	323
% Ch	6.2%	5.0%	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%
RESIDENCE ADJUSTMENT								
Idaho (Millions)	173	183	204	230	260	292	321	356
% Ch	2.8%	5.3%	11.8%	12.9%	12.9%	12.3%	10.0%	10.7%

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PERSONAL INCOME--CURRENT \$\$

	2000	2001	2002	2003	2004	2005	2006	2007
WAGE AND SALARY PAYMENTS								
Idaho (Millions)	16,562	16,855	17,099	17,637	18,434	19,364	20,441	21,676
% Ch	10.1%	1.8%	1.4%	3.1%	4.5%	5.0%	5.6%	6.0%
National (Billions)	4,829	4,943	4,975	5,087	5,292	5,604	5,919	6,269
% Ch	8.1%	2.4%	0.6%	2.3%	4.0%	5.9%	5.6%	5.9%
FARM PROPRIETORS INCOME								
Idaho (Millions)	432	587	611	847	791	823	849	796
% Ch	-38.2%	35.9%	4.0%	38.8%	-6.6%	4.1%	3.1%	-6.3%
National (Billions)	23	25	14	19	16	19	18	17
% Ch	-20.7%	10.1%	-42.8%	36.2%	-19.2%	19.6%	-6.1%	-2.1%
NONFARM PROPRIETORS INCOME								
Idaho (Millions)	3,256	3,334	3,537	3,758	4,069	4,321	4,560	4,865
% Ch	7.1%	2.4%	6.1%	6.2%	8.3%	6.2%	5.5%	6.7%
National (Billions)	706	746	783	828	894	945	993	1,056
% Ch	8.6%	5.7%	5.1%	5.7%	7.9%	5.7%	5.1%	6.4%
DIVIDENDS, RENT & INTEREST								
Idaho (Millions)	5,891	6,102	6,198	6,238	6,429	6,774	7,316	7,850
% Ch	7.7%	3.6%	1.6%	0.6%	3.1%	5.4%	8.0%	7.3%
National (Billions)	1,537	1,538	1,552	1,554	1,601	1,684	1,816	1,944
% Ch	8.9%	0.0%	0.9%	0.2%	3.0%	5.2%	7.9%	7.0%
OTHER LABOR INCOME								
Idaho (Millions)	1,940	1,996	2,149	2,322	2,454	2,580	2,732	2,872
% Ch	7.8%	2.9%	7.7%	8.1%	5.7%	5.1%	5.9%	5.1%
National (Billions)	610	643	680	723	760	799	847	890
% Ch	8.5%	5.4%	5.9%	6.3%	5.1%	5.1%	6.0%	5.1%
GOVT. TRANSFERS TO INDIV.								
Idaho (Millions)	3,938	4,383	4,890	5,344	5,613	5,834	6,240	6,694
% Ch	7.0%	11.3%	11.6%	9.3%	5.0%	3.9%	7.0%	7.3%
National (Billions)	1,084	1,193	1,292	1,377	1,438	1,485	1,579	1,684
% Ch	6.1%	10.0%	8.4%	6.6%	4.4%	3.3%	6.3%	6.6%
CONTRIB. FOR SOCIAL INSUR.								
Idaho (Millions)	1,275	1,320	1,375	1,427	1,513	1,594	1,693	1,806
% Ch	7.9%	3.5%	4.2%	3.7%	6.0%	5.3%	6.2%	6.7%
National (Billions)	344	355	364	378	397	419	441	467
% Ch	6.2%	3.3%	2.6%	3.8%	5.2%	5.3%	5.5%	5.9%
RESIDENCE ADJUSTMENT								
Idaho (Millions)	433	425	476	489	502	515	533	555
% Ch	21.7%	-1.7%	11.8%	2.8%	2.6%	2.7%	3.4%	4.1%

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EMPLOYMENT

	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONFARM EMPLOYMENT								
Idaho	413,478	434,503	460,211	477,048	490,901	507,423	520,476	538,098
% Ch	4.9%	5.1%	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%
National (Thousands)	108,723	110,847	114,282	117,306	119,699	122,767	125,924	128,992
% Ch	0.3%	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%
GOODS PRODUCING SECTOR								
Idaho	85,008	90,363	97,411	98,310	102,401	105,504	106,973	108,722
% Ch	5.1%	6.3%	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%
National (Thousands)	22,094	22,221	22,777	23,161	23,412	23,884	24,352	24,467
% Ch	-2.2%	0.6%	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%
MANUFACTURING								
Idaho	59,920	63,131	65,718	65,640	68,312	70,185	71,529	71,216
% Ch	4.4%	5.4%	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%
National (Thousands)	16,879	16,857	17,106	17,327	17,317	17,500	17,640	17,404
% Ch	-1.6%	-0.1%	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%
DURABLE MANUFACTURING								
Idaho	32,118	34,786	37,821	39,958	42,447	44,215	45,893	45,702
% Ch	6.5%	8.3%	8.7%	5.6%	6.2%	4.2%	3.8%	-0.4%
National (Thousands)	10,025	9,983	10,214	10,456	10,565	10,785	10,990	10,912
% Ch	-2.6%	-0.4%	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%
LOGGING & WOOD PRODUCTS								
Idaho	10,460	10,796	11,773	11,864	12,023	11,898	11,465	11,482
% Ch	7.2%	3.2%	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.1%
National (Thousands)	580	605	643	656	663	677	689	701
% Ch	0.6%	4.3%	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%
METAL FABRICATION								
Idaho	2,436	2,577	2,958	3,410	3,582	3,793	3,826	3,942
% Ch	-1.0%	5.8%	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%
National (Thousands)	1,497	1,510	1,566	1,624	1,648	1,696	1,739	1,728
% Ch	-2.9%	0.8%	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%
MACHINERY								
Idaho	2,352	2,613	2,901	3,078	3,189	3,065	3,178	3,039
% Ch	2.8%	11.1%	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%
National (Thousands)	1,310	1,329	1,379	1,440	1,466	1,494	1,512	1,466
% Ch	-2.7%	1.5%	3.8%	4.4%	1.8%	1.9%	1.3%	-3.1%
COMPUTER & ELECTRONICS								
Idaho	11,744	13,169	13,646	14,325	16,280	17,727	19,054	18,408
% Ch	9.8%	12.1%	3.6%	5.0%	13.6%	8.9%	7.5%	-3.4%
National (Thousands)	1,707	1,656	1,651	1,688	1,747	1,803	1,831	1,781
% Ch	-5.6%	-3.0%	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%
OTHER DURABLES								
Idaho	5,126	5,631	6,543	7,280	7,373	7,732	8,370	8,831
% Ch	3.6%	9.8%	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%
National (Thousands)	4,931	4,883	4,975	5,047	5,041	5,115	5,218	5,235
% Ch	-1.9%	-1.0%	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%

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EMPLOYMENT

	2000	2001	2002	2003	2004	2005	2006	2007
TOTAL NONFARM EMPLOYMENT								
Idaho	558,573	568,015	568,008	571,527	578,455	587,844	599,856	613,312
% Ch	3.8%	1.7%	0.0%	0.6%	1.2%	1.6%	2.0%	2.2%
National (Thousands)	131,791	131,837	130,343	129,937	130,932	133,550	135,968	138,204
% Ch	2.2%	0.0%	-1.1%	-0.3%	0.8%	2.0%	1.8%	1.6%
GOODS PRODUCING SECTOR								
Idaho	111,882	110,221	105,019	102,144	101,484	100,866	100,281	100,592
% Ch	2.9%	-1.5%	-4.7%	-2.7%	-0.6%	-0.6%	-0.6%	0.3%
National (Thousands)	24,653	23,875	22,556	21,817	21,708	21,995	22,272	22,574
% Ch	0.8%	-3.2%	-5.5%	-3.3%	-0.5%	1.3%	1.3%	1.4%
MANUFACTURING								
Idaho	73,035	70,392	66,804	63,862	63,741	64,240	64,800	65,997
% Ch	2.6%	-3.6%	-5.1%	-4.4%	-0.2%	0.8%	0.9%	1.8%
National (Thousands)	17,345	16,515	15,327	14,592	14,380	14,462	14,573	14,616
% Ch	-0.3%	-4.8%	-7.2%	-4.8%	-1.5%	0.6%	0.8%	0.3%
DURABLE MANUFACTURING								
Idaho	47,411	45,099	42,322	39,848	39,838	40,125	40,447	41,389
% Ch	3.7%	-4.9%	-6.2%	-5.8%	0.0%	0.7%	0.8%	2.3%
National (Thousands)	10,956	10,408	9,553	9,038	8,981	9,158	9,292	9,355
% Ch	0.4%	-5.0%	-8.2%	-5.4%	-0.6%	2.0%	1.5%	0.7%
LOGGING & WOOD PRODUCTS								
Idaho	11,573	9,853	9,560	8,944	8,797	8,323	7,897	8,061
% Ch	0.8%	-14.9%	-3.0%	-6.4%	-1.6%	-5.4%	-5.1%	2.1%
National (Thousands)	692	647	625	604	610	597	578	588
% Ch	-1.3%	-6.4%	-3.4%	-3.4%	1.0%	-2.2%	-3.1%	1.7%
METAL FABRICATION								
Idaho	4,030	3,875	3,635	3,556	3,623	3,688	3,721	3,709
% Ch	2.2%	-3.8%	-6.2%	-2.2%	1.9%	1.8%	0.9%	-0.3%
National (Thousands)	1,753	1,677	1,549	1,478	1,483	1,523	1,565	1,597
% Ch	1.5%	-4.4%	-7.6%	-4.5%	0.3%	2.7%	2.8%	2.0%
MACHINERY								
Idaho	3,305	3,055	2,832	2,628	2,639	2,781	2,878	2,959
% Ch	8.7%	-7.6%	-7.3%	-7.2%	0.4%	5.4%	3.5%	2.8%
National (Thousands)	1,455	1,368	1,229	1,154	1,137	1,180	1,207	1,217
% Ch	-0.8%	-6.0%	-10.1%	-6.2%	-1.4%	3.8%	2.2%	0.8%
COMPUTER & ELECTRONICS								
Idaho	19,453	19,653	17,928	16,357	16,513	16,928	17,379	17,899
% Ch	5.7%	1.0%	-8.8%	-8.8%	1.0%	2.5%	2.7%	3.0%
National (Thousands)	1,820	1,749	1,507	1,361	1,356	1,372	1,400	1,384
% Ch	2.2%	-3.9%	-13.8%	-9.7%	-0.3%	1.1%	2.1%	-1.1%
OTHER DURABLES								
Idaho	9,050	8,663	8,367	8,363	8,266	8,406	8,572	8,761
% Ch	2.5%	-4.3%	-3.4%	0.0%	-1.2%	1.7%	2.0%	2.2%
National (Thousands)	5,236	4,967	4,642	4,441	4,394	4,486	4,542	4,570
% Ch	0.0%	-5.1%	-6.5%	-4.3%	-1.1%	2.1%	1.3%	0.6%

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MANUFACTURING (continued)

	1992	1993	1994	1995	1996	1997	1998	1999
NONDURABLE MANUFACTURING								
Idaho	27,802	28,346	27,896	25,682	25,865	25,970	25,635	25,514
% Ch	2.0%	2.0%	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%
National (Thousands)	6,854	6,874	6,892	6,871	6,752	6,715	6,650	6,493
% Ch	0.1%	0.3%	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%
FOOD PROCESSING								
Idaho	17,445	17,856	17,369	16,827	17,119	17,263	16,829	16,704
% Ch	1.4%	2.4%	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%
National (Thousands)	1,519	1,535	1,540	1,561	1,562	1,557	1,555	1,550
% Ch	0.3%	1.1%	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%
PRINTING								
Idaho	2,211	2,231	2,240	2,308	2,365	2,326	2,307	2,234
% Ch	-0.7%	0.9%	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%
National (Thousands)	780	785	802	817	816	821	828	814
% Ch	-1.5%	0.6%	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%
CHEMICALS								
Idaho	4,259	4,210	4,099	2,354	2,330	2,272	2,361	2,314
% Ch	2.1%	-1.1%	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%
National (Thousands)	1,029	1,025	1,005	988	985	987	993	983
% Ch	0.5%	-0.4%	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%
OTHER NONDURABLES								
Idaho	3,886	4,049	4,187	4,194	4,051	4,108	4,138	4,262
% Ch	6.2%	4.2%	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%
National (Thousands)	3,526	3,529	3,545	3,505	3,390	3,350	3,274	3,145
% Ch	0.3%	0.1%	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%
MINING								
Idaho	2,581	2,164	2,367	2,683	2,977	2,996	2,817	2,485
% Ch	-16.7%	-16.1%	9.4%	13.3%	11.0%	0.7%	-6.0%	-11.8%
National (Thousands)	610	585	576	558	556	571	565	518
% Ch	-7.7%	-4.1%	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%
CONSTRUCTION								
Idaho	22,508	25,068	29,326	29,988	31,112	32,323	32,627	35,022
% Ch	10.6%	11.4%	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%
National (Thousands)	4,605	4,779	5,094	5,276	5,538	5,813	6,147	6,545
% Ch	-3.7%	3.8%	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%
NON-GOODS PRODUCING								
Idaho	328,469	344,140	362,800	378,737	388,500	401,919	413,504	429,376
% Ch	4.9%	4.8%	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%
National (Thousands)	86,629	88,626	91,505	94,145	96,287	98,883	101,571	104,525
% Ch	1.0%	2.3%	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%
TRADE								
Idaho	75,916	78,874	83,336	86,215	89,134	91,683	93,772	96,724
% Ch	4.7%	3.9%	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%
National (Thousands)	17,939	18,113	18,733	19,328	19,663	20,053	20,405	20,863
% Ch	-0.8%	1.0%	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%
RETAIL TRADE								
Idaho	54,822	57,743	61,034	63,162	65,408	67,175	69,160	71,418
% Ch	4.8%	5.3%	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%
WHOLESALE TRADE								
Idaho	21,094	21,132	22,303	23,053	23,726	24,508	24,612	25,306
% Ch	4.6%	0.2%	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%

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EMPLOYMENT

MANUFACTURING (continued)

	2000	2001	2002	2003	2004	2005	2006	2007
NONDURABLE MANUFACTURING								
Idaho	25,624	25,293	24,482	24,013	23,903	24,115	24,353	24,608
% Ch	0.4%	-1.3%	-3.2%	-1.9%	-0.5%	0.9%	1.0%	1.0%
National (Thousands)	6,389	6,107	5,774	5,554	5,399	5,305	5,281	5,261
% Ch	-1.6%	-4.4%	-5.4%	-3.8%	-2.8%	-1.7%	-0.4%	-0.4%
FOOD PROCESSING								
Idaho	16,660	16,521	16,354	15,881	15,767	15,904	16,087	16,280
% Ch	-0.3%	-0.8%	-1.0%	-2.9%	-0.7%	0.9%	1.2%	1.2%
National (Thousands)	1,553	1,551	1,525	1,518	1,497	1,481	1,487	1,501
% Ch	0.2%	-0.2%	-1.7%	-0.5%	-1.4%	-1.1%	0.4%	1.0%
PRINTING								
Idaho	2,339	2,225	2,033	2,092	2,032	1,986	1,986	1,984
% Ch	4.7%	-4.9%	-8.6%	2.9%	-2.8%	-2.3%	0.0%	-0.1%
National (Thousands)	807	769	707	680	661	647	651	653
% Ch	-0.9%	-4.7%	-8.1%	-3.8%	-2.9%	-2.0%	0.5%	0.4%
CHEMICALS								
Idaho	2,336	2,323	1,925	1,823	1,826	1,815	1,765	1,734
% Ch	1.0%	-0.5%	-17.2%	-5.3%	0.2%	-0.6%	-2.7%	-1.8%
National (Thousands)	980	959	928	908	888	887	884	879
% Ch	-0.2%	-2.2%	-3.3%	-2.1%	-2.2%	0.0%	-0.4%	-0.6%
OTHER NONDURABLES								
Idaho	4,289	4,224	4,171	4,218	4,277	4,410	4,514	4,610
% Ch	0.7%	-1.5%	-1.2%	1.1%	1.4%	3.1%	2.4%	2.1%
National (Thousands)	3,048	2,828	2,615	2,448	2,354	2,289	2,260	2,228
% Ch	-3.1%	-7.2%	-7.5%	-6.4%	-3.8%	-2.7%	-1.3%	-1.4%
MINING								
Idaho	2,347	1,973	1,758	1,785	1,779	1,697	1,444	1,420
% Ch	-5.5%	-15.9%	-10.9%	1.5%	-0.4%	-4.6%	-14.9%	-1.7%
National (Thousands)	520	533	512	502	503	477	442	431
% Ch	0.5%	2.4%	-3.8%	-1.9%	0.3%	-5.2%	-7.4%	-2.4%
CONSTRUCTION								
Idaho	36,500	37,856	36,457	36,497	35,964	34,929	34,037	33,175
% Ch	4.2%	3.7%	-3.7%	0.1%	-1.5%	-2.9%	-2.6%	-2.5%
National (Thousands)	6,788	6,828	6,717	6,722	6,824	7,056	7,257	7,526
% Ch	3.7%	0.6%	-1.6%	0.1%	1.5%	3.4%	2.9%	3.7%
NON-GOODS PRODUCING								
Idaho	446,691	457,794	462,989	469,383	476,971	486,978	499,575	512,720
% Ch	4.0%	2.5%	1.1%	1.4%	1.6%	2.1%	2.6%	2.6%
National (Thousands)	107,138	107,962	107,787	108,120	109,224	111,555	113,695	115,631
% Ch	2.5%	0.8%	-0.2%	0.3%	1.0%	2.1%	1.9%	1.7%
TRADE								
Idaho	100,166	98,081	97,331	96,814	97,885	100,166	102,752	105,666
% Ch	3.6%	-2.1%	-0.8%	-0.5%	1.1%	2.3%	2.6%	2.8%
National (Thousands)	21,210	21,012	20,677	20,525	20,597	20,680	20,972	21,189
% Ch	1.7%	-0.9%	-1.6%	-0.7%	0.4%	0.4%	1.4%	1.0%
RETAIL TRADE								
Idaho	74,455	72,617	72,387	72,423	73,539	75,338	77,388	79,692
% Ch	4.3%	-2.5%	-0.3%	0.1%	1.5%	2.4%	2.7%	3.0%
WHOLESALE TRADE								
Idaho	25,711	25,463	24,944	24,391	24,346	24,829	25,363	25,974
% Ch	1.6%	-1.0%	-2.0%	-2.2%	-0.2%	2.0%	2.2%	2.4%

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EMPLOYMENT

	1992	1993	1994	1995	1996	1997	1998	1999
SERVICES								
Idaho	163,210	173,524	185,545	196,054	202,107	210,035	217,464	227,555
% Ch	5.0%	6.3%	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%
National (Thousands)	49,904	51,520	53,498	55,382	57,094	59,170	61,256	63,350
% Ch	1.5%	3.2%	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%
INFORMATION								
Idaho	7,083	7,195	7,414	7,602	7,699	7,587	8,376	9,274
% Ch	1.3%	1.6%	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%
National (Thousands)	2,642	2,667	2,739	2,844	2,940	3,084	3,219	3,418
% Ch	-1.3%	1.0%	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%
FINANCIAL ACTIVITIES								
Idaho	22,104	23,258	24,521	25,494	26,834	26,836	24,256	25,305
% Ch	4.7%	5.2%	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%
National (Thousands)	6,540	6,708	6,866	6,828	6,969	7,178	7,462	7,646
% Ch	-0.3%	2.6%	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%
TRANS., WAREHOUSING, UTILITIES								
Idaho	14,055	14,557	15,465	16,508	17,329	17,624	18,158	19,003
% Ch	4.3%	3.6%	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%
National (Thousands)	4,188	4,264	4,390	4,505	4,576	4,647	4,781	4,906
% Ch	-0.3%	1.8%	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%
PROFESSIONAL & BUSINESS								
Idaho	33,756	36,872	39,173	42,480	42,934	47,295	50,766	54,793
% Ch	3.2%	9.2%	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%
National (Thousands)	10,967	11,493	12,171	12,846	13,461	14,333	15,142	15,954
% Ch	2.3%	4.8%	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%
EDUCATION & HEALTH								
Idaho	34,554	36,841	39,048	41,491	44,361	46,347	49,248	50,575
% Ch	7.8%	6.6%	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%
National (Thousands)	11,890	12,303	12,806	13,288	13,683	14,088	14,445	14,795
% Ch	3.3%	3.5%	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%
LEISURE & HOSPITALITY								
Idaho	39,614	41,375	44,569	46,651	47,557	48,839	50,424	51,460
% Ch	5.8%	4.4%	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%
National (Thousands)	9,439	9,733	10,098	10,499	10,774	11,016	11,232	11,544
% Ch	2.0%	3.1%	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%
OTHER SERVICES								
Idaho	12,045	13,426	15,356	15,829	15,393	15,507	16,236	17,145
% Ch	3.6%	11.5%	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%
National (Thousands)	4,240	4,350	4,429	4,572	4,691	4,825	4,976	5,087
% Ch	-0.2%	2.6%	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%
STATE & LOCAL GOVERNMENT								
Idaho	75,893	78,166	80,426	83,355	84,360	87,298	89,468	92,265
% Ch	4.7%	3.0%	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%
National (Thousands)	15,674	15,931	16,258	16,488	16,653	16,854	17,139	17,542
% Ch	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%	1.7%	2.4%
EDUCATION								
Idaho	38,516	39,830	40,542	42,571	42,572	44,219	45,413	46,751
% Ch	2.5%	3.4%	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%
NON-EDUCATION								
Idaho	37,377	38,336	39,884	40,783	41,787	43,079	44,055	45,514
% Ch	7.1%	2.6%	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%
FEDERAL GOVERNMENT								
Idaho	13,450	13,575	13,493	13,113	12,899	12,903	12,800	12,833
% Ch	4.3%	0.9%	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%
National (Thousands)	3,112	3,062	3,016	2,947	2,876	2,806	2,771	2,770
% Ch	0.0%	-1.6%	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%

**IDAHO ECONOMIC FORECAST
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EMPLOYMENT

	2000	2001	2002	2003	2004	2005	2006	2007
SERVICES								
Idaho	238,277	249,572	253,625	259,964	266,341	273,564	282,796	291,900
% Ch	4.7%	4.7%	1.6%	2.5%	2.5%	2.7%	3.4%	3.2%
National (Thousands)	65,136	65,830	65,600	66,021	66,986	68,972	70,709	72,382
% Ch	2.8%	1.1%	-0.3%	0.6%	1.5%	3.0%	2.5%	2.4%
INFORMATION								
Idaho	9,859	9,596	9,156	9,159	9,480	9,900	10,201	10,418
% Ch	6.3%	-2.7%	-4.6%	0.0%	3.5%	4.4%	3.0%	2.1%
National (Thousands)	3,630	3,629	3,394	3,198	3,217	3,290	3,262	3,285
% Ch	6.2%	0.0%	-6.5%	-5.8%	0.6%	2.3%	-0.9%	0.7%
FINANCIAL ACTIVITIES								
Idaho	25,159	25,012	25,823	26,957	27,708	28,257	28,706	29,095
% Ch	-0.6%	-0.6%	3.2%	4.4%	2.8%	2.0%	1.6%	1.4%
National (Thousands)	7,688	7,809	7,848	7,974	7,978	8,073	8,177	8,272
% Ch	0.5%	1.6%	0.5%	1.6%	0.0%	1.2%	1.3%	1.2%
TRANS., WAREHOUSING, UTILITIES								
Idaho	19,407	19,154	18,672	18,712	18,499	18,811	19,357	19,595
% Ch	2.1%	-1.3%	-2.5%	0.2%	-1.1%	1.7%	2.9%	1.2%
National (Thousands)	5,012	4,973	4,821	4,758	4,799	4,963	5,119	5,294
% Ch	2.2%	-0.8%	-3.1%	-1.3%	0.9%	3.4%	3.1%	3.4%
PROFESSIONAL & BUSINESS								
Idaho	60,626	67,653	69,012	70,172	72,061	74,227	77,519	80,886
% Ch	10.6%	11.6%	2.0%	1.7%	2.7%	3.0%	4.4%	4.3%
National (Thousands)	16,671	16,483	15,976	15,992	16,521	17,551	18,312	19,096
% Ch	4.5%	-1.1%	-3.1%	0.1%	3.3%	6.2%	4.3%	4.3%
EDUCATION & HEALTH								
Idaho	53,019	56,959	59,814	62,550	64,492	66,217	68,695	71,395
% Ch	4.8%	7.4%	5.0%	4.6%	3.1%	2.7%	3.7%	3.9%
National (Thousands)	15,108	15,645	16,203	16,580	16,850	17,117	17,536	17,862
% Ch	2.1%	3.6%	3.6%	2.3%	1.6%	1.6%	2.4%	1.9%
LEISURE & HOSPITALITY								
Idaho	52,562	53,054	53,277	54,202	55,462	57,170	58,914	60,685
% Ch	2.1%	0.9%	0.4%	1.7%	2.3%	3.1%	3.1%	3.0%
National (Thousands)	11,859	12,032	11,986	12,128	12,228	12,460	12,729	12,903
% Ch	2.7%	1.5%	-0.4%	1.2%	0.8%	1.9%	2.2%	1.4%
OTHER SERVICES								
Idaho	17,645	18,145	17,871	18,211	18,640	18,981	19,404	19,826
% Ch	2.9%	2.8%	-1.5%	1.9%	2.4%	1.8%	2.2%	2.2%
National (Thousands)	5,168	5,258	5,372	5,392	5,392	5,518	5,575	5,671
% Ch	1.6%	1.7%	2.2%	0.4%	0.0%	2.3%	1.0%	1.7%
STATE & LOCAL GOVERNMENT								
Idaho	94,748	96,864	98,486	98,930	99,178	99,698	100,518	101,659
% Ch	2.7%	2.2%	1.7%	0.5%	0.3%	0.5%	0.8%	1.1%
National (Thousands)	17,928	18,358	18,743	18,816	18,915	19,167	19,276	19,319
% Ch	2.2%	2.4%	2.1%	0.4%	0.5%	1.3%	0.6%	0.2%
EDUCATION								
Idaho	47,992	49,026	49,655	49,308	49,579	50,111	50,814	51,680
% Ch	2.7%	2.2%	1.3%	-0.7%	0.5%	1.1%	1.4%	1.7%
NON-EDUCATION								
Idaho	46,756	47,838	48,830	49,623	49,599	49,587	49,703	49,979
% Ch	2.7%	2.3%	2.1%	1.6%	0.0%	0.0%	0.2%	0.6%
FEDERAL GOVERNMENT								
Idaho	13,501	13,277	13,547	13,675	13,567	13,549	13,509	13,495
% Ch	5.2%	-1.7%	2.0%	0.9%	-0.8%	-0.1%	-0.3%	-0.1%
National (Thousands)	2,864	2,763	2,766	2,758	2,727	2,736	2,737	2,741
% Ch	3.4%	-3.5%	0.1%	-0.3%	-1.1%	0.3%	0.0%	0.2%

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
APRIL 2004

MISCELLANEOUS

	1992	1993	1994	1995	1996	1997	1998	1999
SELECTED CHAIN-WEIGHTED DEFL.								
Gross Domestic Product	86.402	88.391	90.265	92.115	93.859	95.415	96.475	97.868
% Ch	2.3%	2.3%	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%
Consumption Expenditures	85.825	87.804	89.654	91.577	93.547	95.124	95.978	97.575
% Ch	2.9%	2.3%	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%
Durable Goods	106.756	107.841	109.978	110.672	109.507	107.068	104.152	101.626
% Ch	0.6%	1.0%	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%
Nondurable Goods	88.105	88.973	89.605	90.629	92.567	93.835	93.821	96.173
% Ch	1.5%	1.0%	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%
Services	80.684	83.345	85.748	88.320	90.844	93.305	95.319	97.393
% Ch	4.1%	3.3%	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%
Consumer Price Index (1982-84=100)	1.403	1.445	1.482	1.524	1.569	1.605	1.630	1.666
% Ch	3.0%	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%
SELECTED INTEREST RATES								
Federal Funds	3.5%	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%
NY Fed Discount	3.3%	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%
Prime	6.3%	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%
Existing Home Mortgage	8.1%	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%
U.S. Govt. 3-Month Bills	3.4%	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%
U.S. Govt. 6-Month Bills	3.6%	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%
U.S. Govt. 5-Year Notes	6.2%	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%
U.S. Govt. 10-Year Notes	7.0%	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%
SELECTED US PRODUCTION INDICES								
Wood Products	85.7	86.7	91.8	94.0	97.1	100.0	105.0	108.8
% Ch	5.5%	1.1%	5.9%	2.4%	19.5%	3.0%	5.0%	3.7%
Computers & Electronic Products	33.6	37.1	44.2	57.5	73.8	100.0	129.1	169.0
% Ch	12.7%	10.4%	19.1%	30.2%	147.6%	35.5%	29.1%	30.9%
Food	93.8	96.3	96.8	99.3	97.4	100.0	104.3	105.2
% Ch	1.9%	2.7%	0.6%	2.6%	5.8%	2.7%	4.3%	0.9%
Agricultural Chemicals	94.2	95.0	94.9	94.5	96.4	100.0	102.4	91.8
% Ch	4.2%	0.8%	-0.2%	-0.4%	6.6%	3.7%	2.4%	-10.4%
Metal Ore Mining	90.8	90.2	91.9	92.8	94.8	100.0	99.6	91.3
% Ch	7.4%	-0.7%	1.8%	1.0%	12.1%	5.5%	-0.4%	-8.3%

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
APRIL 2004

MISCELLANEOUS

	2000	2001	2002	2003	2004	2005	2006	2007
SELECTED CHAIN-WEIGHTED DEFL.								
Gross Domestic Product	100.000	102.376	103.949	105.665	107.305	108.910	110.642	112.863
% Ch	2.2%	2.4%	1.5%	1.7%	1.6%	1.5%	1.6%	2.0%
Consumption Expenditures	100.000	102.039	103.429	105.302	106.865	108.413	110.335	112.820
% Ch	2.5%	2.0%	1.4%	1.8%	1.5%	1.4%	1.8%	2.3%
Durable Goods	100.000	98.086	95.208	91.682	89.659	89.123	88.674	88.511
% Ch	-1.6%	-1.9%	-2.9%	-3.7%	-2.2%	-0.6%	-0.5%	-0.2%
Nondurable Goods	100.000	101.530	102.075	104.180	105.402	105.732	107.152	109.142
% Ch	4.0%	1.5%	0.5%	2.1%	1.2%	0.3%	1.3%	1.9%
Services	100.000	103.168	105.946	108.966	111.591	114.289	117.064	120.470
% Ch	2.7%	3.2%	2.7%	2.9%	2.4%	2.4%	2.4%	2.9%
Consumer Price Index (1982-84=100)	1.722	1.770	1.799	1.840	1.870	1.894	1.925	1.964
% Ch	3.4%	2.8%	1.6%	2.3%	1.7%	1.3%	1.6%	2.1%
SELECTED INTEREST RATES								
Federal Funds	6.2%	3.9%	1.7%	1.1%	1.1%	2.4%	3.0%	3.2%
NY Fed Discount	5.7%	3.4%	1.2%	2.1%	2.1%	3.4%	4.0%	4.2%
Prime	9.2%	6.9%	4.7%	4.1%	4.1%	5.4%	6.0%	6.2%
Existing Home Mortgage	8.0%	7.0%	6.5%	5.7%	6.1%	6.5%	6.7%	6.8%
U.S. Govt. 3-Month Bills	5.8%	3.4%	1.6%	1.0%	1.1%	2.2%	2.8%	2.9%
U.S. Govt. 6-Month Bills	5.9%	3.4%	1.7%	1.1%	1.3%	2.4%	2.9%	3.1%
U.S. Govt. 5-Year Notes	6.2%	4.6%	3.8%	3.0%	3.3%	4.4%	4.8%	4.9%
U.S. Govt. 10-Year Notes	6.0%	5.0%	4.6%	4.0%	4.3%	5.1%	5.4%	5.5%
SELECTED US PRODUCTION INDICES								
Wood Products	107.2	100.6	100.6	99.0	103.0	98.9	96.6	99.2
% Ch	-1.5%	-6.2%	-0.1%	-1.6%	4.1%	-4.0%	-2.4%	2.8%
Computers & Electronic Products	224.0	226.1	234.7	267.0	318.8	371.3	424.4	481.1
% Ch	32.5%	1.0%	3.8%	13.8%	19.4%	16.5%	14.3%	13.4%
Food	106.8	106.9	107.1	106.1	106.9	109.8	112.2	114.6
% Ch	1.5%	0.1%	0.2%	-0.9%	0.8%	2.8%	2.2%	2.1%
Agricultural Chemicals	84.9	80.6	81.7	81.1	85.9	83.8	83.7	83.9
% Ch	-7.5%	-5.1%	1.4%	-0.7%	5.8%	-2.4%	-0.2%	0.3%
Metal Ore Mining	90.9	82.6	75.4	73.3	77.1	81.7	85.9	88.7
% Ch	-0.4%	-9.2%	-8.8%	-2.7%	5.1%	6.0%	5.2%	3.2%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

DEMOGRAPHICS

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,313.3	1,318.5	1,323.0	1,327.8	1,336.4	1,339.4	1,342.8	1,345.4	1,356.5	1,360.9	1,365.6	1,367.0
% Ch	1.8%	1.6%	1.4%	1.5%	2.6%	0.9%	1.0%	0.8%	3.3%	1.3%	1.4%	0.4%
National (Millions)	284.594	285.321	286.131	286.838	287.488	288.205	289.001	289.703	290.340	291.049	291.837	292.566
% Ch	0.9%	1.0%	1.1%	1.0%	0.9%	1.0%	1.1%	1.0%	0.9%	1.0%	1.1%	1.0%
BIRTHS												
Idaho (Thousands)	20.569	20.658	20.719	20.792	20.897	20.950	21.027	21.077	21.266	21.315	21.377	21.314
% Ch	0.9%	1.7%	1.2%	1.4%	2.0%	1.0%	1.5%	1.0%	3.6%	0.9%	1.2%	-1.2%
National (Thousands)	3,874	3,875	3,877	3,879	3,881	3,883	3,886	3,890	3,894	3,898	3,903	3,909
% Ch	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.5%	0.6%
DEATHS												
Idaho (Thousands)	9.753	9.793	9.830	9.868	9.894	9.912	9.955	9.977	10.068	10.102	10.139	10.156
% Ch	5.3%	1.7%	1.5%	1.6%	1.1%	0.7%	1.7%	0.9%	3.7%	1.4%	1.5%	0.7%
National (Thousands)	2,438	2,443	2,449	2,454	2,459	2,465	2,470	2,475	2,480	2,485	2,490	2,495
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
NET MIGRATION												
Idaho (Thousands)	12.025	9.936	7.111	8.276	23.434	1.045	2.392	-0.591	32.929	6.411	7.814	-5.854
HOUSING												
HOUSING STARTS												
Idaho	12,993	13,113	11,701	11,149	11,355	12,208	13,131	15,988	15,696	14,814	16,744	17,470
% Ch	73.1%	3.7%	-36.6%	-17.6%	7.6%	33.6%	33.8%	119.8%	-7.1%	-20.6%	63.2%	18.5%
National (Millions)	1.605	1.630	1.600	1.570	1.716	1.683	1.702	1.743	1.737	1.739	1.884	2.033
% Ch	16.8%	6.4%	-7.2%	-7.2%	42.8%	-7.6%	4.7%	9.9%	-1.4%	0.5%	37.9%	35.5%
SINGLE UNITS												
Idaho	10,717	11,018	10,190	9,787	9,960	10,636	11,346	12,666	12,734	12,621	14,162	15,456
% Ch	11.2%	11.7%	-26.9%	-14.9%	7.3%	30.0%	29.5%	55.3%	2.2%	-3.5%	58.5%	41.9%
National (Millions)	1.258	1.297	1.276	1.256	1.361	1.341	1.342	1.410	1.405	1.415	1.523	1.661
% Ch	11.3%	13.1%	-6.4%	-5.9%	37.6%	-5.7%	0.4%	21.9%	-1.6%	3.0%	34.3%	41.4%
MULTIPLE UNITS												
Idaho	2,276	2,095	1,511	1,363	1,394	1,573	1,785	3,323	2,962	2,194	2,582	2,014
% Ch	4161.8%	-28.3%	-72.9%	-33.8%	9.6%	61.7%	65.9%	1101.3%	-36.8%	-69.9%	92.0%	-63.0%
National (Millions)	0.347	0.333	0.324	0.314	0.356	0.342	0.360	0.332	0.332	0.324	0.361	0.372
% Ch	39.4%	-15.5%	-10.4%	-12.2%	65.3%	-14.8%	22.8%	-27.1%	-0.4%	-9.7%	54.2%	12.8%
HOUSING STOCK												
Idaho (Thousands)	427.9	430.9	433.5	436.0	438.5	441.2	444.1	447.8	451.4	454.8	458.6	462.6
% Ch	2.8%	2.8%	2.4%	2.3%	2.3%	2.5%	2.7%	3.3%	3.2%	3.0%	3.4%	3.6%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

DEMOGRAPHICS

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,376.1	1,380.9	1,385.7	1,390.7	1,395.8	1,400.9	1,406.0	1,411.0	1,416.1	1,421.2	1,426.3	1,431.3
% Ch	2.7%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%
National (Millions)	293.283	293.987	294.678	295.356	296.020	296.671	297.309	297.937	298.566	299.194	299.820	300.447
% Ch	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
BIRTHS												
Idaho (Thousands)	21.534	21.601	21.663	21.735	21.808	21.881	21.955	22.028	22.102	22.175	22.249	22.322
% Ch	4.2%	1.2%	1.2%	1.3%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
National (Thousands)	3,915	3,921	3,928	3,935	3,943	3,951	3,959	3,968	3,977	3,986	3,995	4,006
% Ch	0.6%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	1.1%
DEATHS												
Idaho (Thousands)	10.218	10.255	10.291	10.330	10.368	10.406	10.445	10.483	10.521	10.560	10.598	10.637
% Ch	2.4%	1.5%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
National (Thousands)	2,499	2,504	2,510	2,515	2,520	2,525	2,531	2,536	2,540	2,545	2,550	2,556
% Ch	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.0%	0.8%	0.6%	0.8%	0.8%	0.9%
NET MIGRATION												
Idaho (Thousands)	25.139	8.157	7.731	8.697	8.862	8.827	8.792	8.757	8.722	8.687	8.652	8.617
HOUSING												
HOUSING STARTS												
Idaho	14,979	14,545	14,374	14,023	14,054	13,906	13,841	13,825	13,643	13,511	13,413	13,364
% Ch	-46.0%	-11.1%	-4.6%	-9.4%	0.9%	-4.2%	-1.9%	-0.5%	-5.2%	-3.8%	-2.9%	-1.5%
National (Millions)	1.931	1.858	1.807	1.763	1.744	1.728	1.712	1.700	1.691	1.684	1.681	1.687
% Ch	-18.6%	-14.2%	-10.6%	-9.4%	-4.3%	-3.5%	-3.6%	-2.7%	-2.1%	-1.7%	-0.8%	1.6%
SINGLE UNITS												
Idaho	13,081	12,701	12,595	12,323	12,387	12,293	12,284	12,315	12,213	12,122	12,065	12,058
% Ch	-48.7%	-11.1%	-3.3%	-8.4%	2.1%	-3.0%	-0.3%	1.0%	-3.3%	-3.0%	-1.9%	-0.2%
National (Millions)	1.570	1.517	1.494	1.466	1.450	1.439	1.429	1.426	1.421	1.412	1.404	1.401
% Ch	-20.1%	-13.0%	-5.8%	-7.3%	-4.3%	-3.1%	-2.7%	-0.9%	-1.3%	-2.4%	-2.4%	-0.9%
MULTIPLE UNITS												
Idaho	1,898	1,843	1,779	1,700	1,667	1,612	1,557	1,510	1,430	1,389	1,348	1,306
% Ch	-21.1%	-11.0%	-13.2%	-16.7%	-7.6%	-12.4%	-13.1%	-11.6%	-19.6%	-10.8%	-11.3%	-11.9%
National (Millions)	0.360	0.342	0.313	0.297	0.294	0.289	0.283	0.275	0.270	0.272	0.277	0.287
% Ch	-11.5%	-19.1%	-29.6%	-18.9%	-4.6%	-5.7%	-8.0%	-11.8%	-6.1%	2.0%	8.1%	14.8%
HOUSING STOCK												
Idaho (Thousands)	466.0	469.3	472.6	475.7	478.9	482.0	485.1	488.2	491.2	494.2	497.2	500.2
% Ch	3.0%	2.9%	2.8%	2.7%	2.7%	2.6%	2.6%	2.6%	2.5%	2.5%	2.4%	2.4%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

OUTPUT, INCOME, & WAGES

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	10,025	10,088	10,096	10,194	10,329	10,428	10,542	10,624	10,736	10,847	11,107	11,252
% Ch	2.9%	2.6%	0.3%	3.9%	5.4%	3.9%	4.4%	3.1%	4.3%	4.2%	10.0%	5.3%
2000 Chain-Weighted	9,882	9,866	9,835	9,884	9,998	10,045	10,128	10,161	10,210	10,288	10,493	10,599
% Ch	-0.2%	-0.6%	-1.3%	2.0%	4.7%	1.9%	3.4%	1.3%	2.0%	3.1%	8.2%	4.1%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	32,064	32,365	32,515	32,507	33,294	33,221	33,695	34,129	34,666	34,823	35,586	35,759
% Ch	4.0%	3.8%	1.9%	-0.1%	10.0%	-0.9%	5.8%	5.3%	6.4%	1.8%	9.1%	2.0%
Idaho Nonfarm (Millions)	31,067	31,413	31,580	31,539	31,969	32,456	32,774	33,089	33,389	33,600	34,209	34,568
% Ch	1.3%	4.5%	2.1%	-0.5%	5.6%	6.2%	4.0%	3.9%	3.7%	2.6%	7.4%	4.3%
National (Billions)	8,664	8,690	8,727	8,771	8,804	8,912	8,944	8,981	9,049	9,146	9,243	9,329
% Ch	4.6%	1.2%	1.7%	2.0%	1.5%	5.0%	1.4%	1.7%	3.0%	4.4%	4.3%	3.8%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	31,598	31,695	31,805	31,766	32,480	32,177	32,474	32,752	33,038	33,144	33,724	33,832
% Ch	0.8%	1.2%	1.4%	-0.5%	9.3%	-3.7%	3.7%	3.5%	3.5%	1.3%	7.2%	1.3%
Idaho Nonfarm (Millions)	30,615	30,762	30,891	30,820	31,187	31,436	31,586	31,754	31,821	31,980	32,419	32,706
% Ch	-1.8%	1.9%	1.7%	-0.9%	4.9%	3.2%	1.9%	2.1%	0.8%	2.0%	5.6%	3.6%
National (Billions)	8,538	8,510	8,537	8,571	8,588	8,632	8,620	8,619	8,624	8,705	8,759	8,827
% Ch	1.4%	-1.3%	1.3%	1.6%	0.8%	2.1%	-0.6%	0.0%	0.2%	3.8%	2.5%	3.1%
PER CAPITA PERS INC - CURR \$												
Idaho	24,415	24,547	24,577	24,482	24,913	24,802	25,093	25,367	25,556	25,589	26,058	26,160
% Ch	2.2%	2.2%	0.5%	-1.5%	7.2%	-1.8%	4.8%	4.4%	3.0%	0.5%	7.5%	1.6%
National	30,442	30,458	30,501	30,579	30,623	30,923	30,948	31,002	31,166	31,424	31,670	31,888
% Ch	3.7%	0.2%	0.6%	1.0%	0.6%	4.0%	0.3%	0.7%	2.1%	3.4%	3.2%	2.8%
PER CAPITA PERS INC - 2000 \$												
Idaho	24,060	24,038	24,040	23,923	24,304	24,023	24,184	24,344	24,356	24,355	24,695	24,750
% Ch	-1.0%	-0.4%	0.0%	-1.9%	6.5%	-4.5%	2.7%	2.7%	0.2%	0.0%	5.7%	0.9%
National	29,999	29,827	29,836	29,882	29,874	29,951	29,826	29,751	29,702	29,909	30,013	30,170
% Ch	0.5%	-2.3%	0.1%	0.6%	-0.1%	1.0%	-1.7%	-1.0%	-0.7%	2.8%	1.4%	2.1%
AVERAGE ANNUAL WAGE												
Idaho	28,396	28,767	28,830	28,757	28,861	28,924	29,165	29,214	29,446	29,438	29,943	30,215
% Ch	-7.4%	5.3%	0.9%	-1.0%	1.5%	0.9%	3.4%	0.7%	3.2%	-0.1%	7.0%	3.7%
National	37,383	37,409	37,475	37,703	37,908	38,141	38,230	38,381	38,703	39,054	39,317	39,513
% Ch	3.9%	0.3%	0.7%	2.5%	2.2%	2.5%	0.9%	1.6%	3.4%	3.7%	2.7%	2.0%

**IDAHO ECONOMIC FORECAST
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APRIL 2004**

OUTPUT, INCOME, & WAGES

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	11,451	11,608	11,760	11,912	12,072	12,216	12,350	12,490	12,670	12,843	13,034	13,233
% Ch	7.2%	5.6%	5.4%	5.3%	5.5%	4.9%	4.4%	4.6%	5.9%	5.6%	6.1%	6.3%
2000 Chain-Weighted	10,724	10,839	10,940	11,044	11,143	11,236	11,320	11,408	11,523	11,633	11,757	11,883
% Ch	4.8%	4.4%	3.8%	3.9%	3.6%	3.4%	3.0%	3.1%	4.1%	3.9%	4.3%	4.3%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	36,148	36,587	36,972	37,409	37,902	38,382	38,845	39,344	40,051	40,657	41,279	41,932
% Ch	4.4%	4.9%	4.3%	4.8%	5.4%	5.2%	4.9%	5.2%	7.4%	6.2%	6.3%	6.5%
Idaho Nonfarm (Millions)	34,975	35,417	35,827	36,242	36,709	37,173	37,641	38,160	38,787	39,412	40,074	40,749
% Ch	4.8%	5.2%	4.7%	4.7%	5.3%	5.2%	5.1%	5.6%	6.7%	6.6%	6.9%	6.9%
National (Billions)	9,410	9,526	9,644	9,767	9,905	10,035	10,161	10,296	10,461	10,622	10,794	10,968
% Ch	3.5%	5.1%	5.0%	5.2%	5.8%	5.4%	5.1%	5.4%	6.6%	6.3%	6.6%	6.6%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	33,967	34,294	34,553	34,847	35,167	35,475	35,765	36,073	36,565	36,951	37,326	37,715
% Ch	1.6%	3.9%	3.0%	3.5%	3.7%	3.5%	3.3%	3.5%	5.6%	4.3%	4.1%	4.2%
Idaho Nonfarm (Millions)	32,865	33,198	33,483	33,760	34,061	34,358	34,657	34,987	35,410	35,819	36,236	36,650
% Ch	2.0%	4.1%	3.5%	3.4%	3.6%	3.5%	3.5%	3.9%	4.9%	4.7%	4.7%	4.6%
National (Billions)	8,842	8,929	9,013	9,098	9,190	9,275	9,355	9,439	9,551	9,654	9,760	9,865
% Ch	0.7%	4.0%	3.8%	3.8%	4.1%	3.7%	3.5%	3.7%	4.8%	4.4%	4.5%	4.4%
PER CAPITA PERS INC - CURR \$												
Idaho	26,269	26,494	26,681	26,898	27,154	27,398	27,628	27,883	28,282	28,608	28,942	29,296
% Ch	1.7%	3.5%	2.8%	3.3%	3.9%	3.7%	3.4%	3.7%	5.9%	4.7%	4.8%	5.0%
National	32,084	32,404	32,727	33,068	33,461	33,826	34,175	34,556	35,039	35,503	36,000	36,505
% Ch	2.5%	4.1%	4.0%	4.2%	4.8%	4.4%	4.2%	4.5%	5.7%	5.4%	5.7%	5.7%
PER CAPITA PERS INC - 2000 \$												
Idaho	24,684	24,834	24,935	25,057	25,195	25,323	25,438	25,564	25,820	26,000	26,170	26,349
% Ch	-1.1%	2.5%	1.6%	2.0%	2.2%	2.1%	1.8%	2.0%	4.1%	2.8%	2.6%	2.8%
National	30,148	30,374	30,585	30,804	31,047	31,264	31,465	31,683	31,988	32,266	32,553	32,833
% Ch	-0.3%	3.0%	2.8%	2.9%	3.2%	2.8%	2.6%	2.8%	3.9%	3.5%	3.6%	3.5%
AVERAGE ANNUAL WAGE												
Idaho	30,432	30,662	30,926	31,194	31,469	31,744	32,018	32,295	32,580	32,874	33,167	33,475
% Ch	2.9%	3.1%	3.5%	3.5%	3.6%	3.5%	3.5%	3.5%	3.6%	3.7%	3.6%	3.8%
National	39,812	40,213	40,631	41,013	41,441	41,785	42,129	42,485	42,907	43,314	43,723	44,164
% Ch	3.1%	4.1%	4.2%	3.8%	4.2%	3.4%	3.3%	3.4%	4.0%	3.8%	3.8%	4.1%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

PERSONAL INCOME -- CURR \$\$

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	16,722	16,942	16,949	16,807	16,867	17,020	17,197	17,313	17,477	17,436	17,749	17,887
% Ch	-3.7%	5.4%	0.2%	-3.3%	1.4%	3.7%	4.2%	2.7%	3.8%	-0.9%	7.4%	3.1%
National (Billions)	4,952	4,945	4,939	4,936	4,945	4,973	4,981	4,999	5,033	5,072	5,104	5,137
% Ch	4.4%	-0.6%	-0.5%	-0.2%	0.8%	2.3%	0.6%	1.5%	2.8%	3.1%	2.5%	2.6%
FARM PROPRIETORS INCOME												
Idaho (Millions)	626	577	558	588	928	366	516	632	858	788	928	815
% Ch	422.8%	-27.8%	-12.5%	23.3%	520.4%	-97.6%	295.1%	125.0%	239.7%	-28.9%	92.3%	-40.6%
National (Billions)	25	25	23	27	12	15	14	16	13	20	21	23
% Ch	105.6%	-0.5%	-20.3%	70.1%	-95.8%	151.2%	-37.7%	110.4%	-59.5%	460.2%	32.7%	41.2%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,294	3,322	3,345	3,376	3,431	3,517	3,561	3,640	3,667	3,695	3,799	3,871
% Ch	5.3%	3.4%	2.8%	3.8%	6.7%	10.4%	5.1%	9.2%	3.0%	3.1%	11.7%	7.7%
National (Billions)	737	742	746	759	767	781	790	796	801	819	839	852
% Ch	8.6%	2.7%	2.3%	7.3%	4.4%	7.3%	4.6%	3.2%	2.3%	9.5%	10.4%	6.3%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,098	6,089	6,113	6,106	6,127	6,227	6,224	6,215	6,217	6,207	6,216	6,312
% Ch	3.5%	-0.6%	1.6%	-0.5%	1.4%	6.7%	-0.2%	-0.6%	0.1%	-0.6%	0.6%	6.3%
National (Billions)	1,545	1,534	1,539	1,535	1,535	1,560	1,560	1,551	1,552	1,544	1,546	1,575
% Ch	-3.1%	-2.8%	1.3%	-0.9%	0.1%	6.6%	0.1%	-2.3%	0.2%	-2.1%	0.7%	7.7%
OTHER LABOR INCOME												
Idaho (Millions)	1,969	1,992	2,016	2,008	2,077	2,119	2,180	2,220	2,262	2,285	2,357	2,384
% Ch	-2.2%	4.8%	4.9%	-1.6%	14.5%	8.3%	12.0%	7.5%	7.8%	4.1%	13.2%	4.7%
National (Billions)	630	637	647	658	667	678	685	692	706	717	731	739
% Ch	2.6%	4.5%	6.8%	6.7%	5.7%	7.0%	4.4%	4.1%	8.5%	6.4%	7.7%	4.8%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	4,233	4,332	4,439	4,528	4,749	4,863	4,923	5,024	5,126	5,332	5,479	5,439
% Ch	19.7%	9.7%	10.3%	8.3%	21.0%	10.0%	5.0%	8.5%	8.4%	17.1%	11.5%	-2.9%
National (Billions)	1,148	1,182	1,208	1,232	1,261	1,291	1,302	1,316	1,338	1,370	1,399	1,403
% Ch	16.1%	12.3%	9.1%	8.3%	9.5%	10.1%	3.3%	4.4%	6.9%	10.0%	8.7%	1.2%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	1,302	1,325	1,330	1,324	1,354	1,367	1,385	1,395	1,417	1,411	1,436	1,443
% Ch	2.2%	7.3%	1.5%	-1.8%	9.4%	3.9%	5.4%	2.9%	6.5%	-1.7%	7.3%	2.0%
National (Billions)	354	355	355	356	361	364	365	367	375	377	379	381
% Ch	7.7%	0.5%	0.7%	1.0%	5.5%	3.5%	1.3%	1.8%	9.2%	1.9%	2.4%	2.3%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	424	435	424	418	469	476	478	479	477	491	493	494
% Ch	-3.7%	10.8%	-9.7%	-5.5%	58.5%	6.1%	1.7%	0.8%	-1.7%	12.3%	1.6%	1.0%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

PERSONAL INCOME -- CURR \$\$

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	18,109	18,315	18,539	18,772	19,008	19,241	19,479	19,729	20,007	20,290	20,581	20,888
% Ch	5.0%	4.6%	5.0%	5.1%	5.1%	5.0%	5.0%	5.2%	5.8%	5.8%	5.9%	6.1%
National (Billions)	5,183	5,249	5,329	5,408	5,494	5,570	5,640	5,711	5,794	5,874	5,959	6,048
% Ch	3.6%	5.2%	6.2%	6.1%	6.5%	5.7%	5.1%	5.1%	5.9%	5.7%	5.9%	6.1%
FARM PROPRIETORS INCOME												
Idaho (Millions)	799	800	772	793	819	835	829	810	890	870	829	808
% Ch	-7.4%	0.2%	-13.2%	11.5%	13.7%	8.1%	-2.8%	-8.9%	45.8%	-8.8%	-17.5%	-9.9%
National (Billions)	15	16	16	17	18	19	19	19	19	18	17	17
% Ch	-84.2%	22.0%	1.8%	44.2%	22.0%	27.0%	5.0%	-6.9%	-5.4%	-9.0%	-23.6%	-9.0%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,949	4,035	4,111	4,182	4,246	4,302	4,346	4,391	4,454	4,518	4,593	4,675
% Ch	8.3%	9.0%	7.7%	7.1%	6.3%	5.3%	4.2%	4.2%	5.9%	5.9%	6.8%	7.4%
National (Billions)	869	887	902	917	930	941	950	959	971	985	1,000	1,017
% Ch	7.8%	8.5%	7.3%	6.7%	5.8%	4.9%	3.8%	3.7%	5.5%	5.5%	6.4%	7.0%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,356	6,404	6,454	6,501	6,588	6,707	6,834	6,965	7,099	7,244	7,388	7,534
% Ch	2.8%	3.1%	3.1%	2.9%	5.5%	7.4%	7.8%	7.9%	7.9%	8.4%	8.2%	8.1%
National (Billions)	1,587	1,597	1,605	1,617	1,637	1,667	1,699	1,731	1,765	1,799	1,833	1,868
% Ch	3.0%	2.5%	1.9%	3.0%	5.2%	7.5%	7.9%	7.8%	7.9%	8.1%	7.9%	7.8%
OTHER LABOR INCOME												
Idaho (Millions)	2,416	2,441	2,464	2,496	2,526	2,560	2,599	2,637	2,674	2,716	2,752	2,788
% Ch	5.4%	4.2%	3.9%	5.3%	4.8%	5.4%	6.3%	6.1%	5.7%	6.4%	5.3%	5.3%
National (Billions)	749	756	764	773	782	792	805	817	829	842	853	864
% Ch	5.2%	3.8%	4.2%	5.3%	4.7%	5.1%	6.5%	6.1%	6.0%	6.4%	5.5%	5.4%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	5,512	5,596	5,648	5,698	5,766	5,806	5,844	5,919	6,054	6,168	6,306	6,433
% Ch	5.4%	6.2%	3.8%	3.6%	4.8%	2.8%	2.6%	5.2%	9.5%	7.7%	9.3%	8.3%
National (Billions)	1,416	1,435	1,446	1,457	1,472	1,480	1,487	1,503	1,536	1,562	1,595	1,625
% Ch	3.8%	5.5%	3.1%	3.1%	4.2%	2.2%	1.9%	4.5%	8.9%	7.1%	8.7%	7.7%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	1,489	1,504	1,519	1,540	1,561	1,583	1,604	1,627	1,653	1,679	1,706	1,734
% Ch	13.4%	4.0%	4.1%	5.7%	5.6%	5.6%	5.6%	5.7%	6.5%	6.5%	6.5%	6.8%
National (Billions)	391	395	399	405	411	416	421	426	432	438	444	451
% Ch	11.0%	3.7%	4.4%	5.8%	6.2%	5.4%	4.8%	4.9%	5.8%	5.6%	5.9%	6.0%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	497	500	503	507	510	513	517	521	525	530	535	541
% Ch	2.5%	2.2%	2.5%	2.7%	2.8%	2.7%	2.8%	3.0%	3.6%	3.7%	3.8%	4.1%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

EMPLOYMENT

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	569,269	569,503	568,478	564,810	563,599	567,480	568,824	572,128	572,498	570,790	571,022	571,798
% Ch	3.7%	0.2%	-0.7%	-2.6%	-0.9%	2.8%	1.0%	2.3%	0.3%	-1.2%	0.2%	0.5%
National (Thousands)	132,462	132,187	131,789	130,911	130,448	130,389	130,287	130,248	130,047	129,878	129,820	130,002
% Ch	0.5%	-0.8%	-1.2%	-2.6%	-1.4%	-0.2%	-0.3%	-0.1%	-0.6%	-0.5%	-0.2%	0.6%
GOODS PRODUCING SECTOR												
Idaho	113,178	111,712	109,830	106,162	104,485	105,045	105,115	105,431	104,076	101,883	101,300	101,315
% Ch	2.1%	-5.1%	-6.6%	-12.7%	-6.2%	2.2%	0.3%	1.2%	-5.0%	-8.2%	-2.3%	0.1%
National (Thousands)	24,461	24,124	23,693	23,222	22,867	22,638	22,465	22,252	22,025	21,848	21,718	21,676
% Ch	-2.4%	-5.4%	-7.0%	-7.7%	-6.0%	-3.9%	-3.0%	-3.7%	-4.0%	-3.2%	-2.4%	-0.8%
MANUFACTURING												
Idaho	72,737	71,258	69,905	67,667	66,819	66,908	66,923	66,565	65,372	63,881	63,203	62,991
% Ch	-4.1%	-7.9%	-7.4%	-12.2%	-4.9%	0.5%	0.1%	-2.1%	-7.0%	-8.8%	-4.2%	-1.3%
National (Thousands)	17,090	16,738	16,328	15,903	15,575	15,418	15,267	15,049	14,845	14,639	14,478	14,407
% Ch	-4.2%	-8.0%	-9.4%	-10.0%	-8.0%	-4.0%	-3.9%	-5.6%	-5.3%	-5.4%	-4.3%	-2.0%
DURABLE MANUFACTURING												
Idaho	47,101	45,712	44,675	42,908	42,268	42,352	42,352	42,316	41,049	39,851	39,297	39,196
% Ch	-3.9%	-11.3%	-8.8%	-14.9%	-5.8%	0.8%	0.0%	-0.3%	-11.5%	-11.2%	-5.4%	-1.0%
National (Thousands)	10,821	10,565	10,276	9,970	9,725	9,620	9,511	9,356	9,204	9,061	8,955	8,932
% Ch	-4.5%	-9.1%	-10.5%	-11.4%	-9.5%	-4.3%	-4.5%	-6.4%	-6.4%	-6.1%	-4.6%	-1.0%
LOGGING & WOOD PRODUCTS												
Idaho	10,275	9,843	9,762	9,531	9,509	9,485	9,613	9,632	9,382	8,936	8,845	8,614
% Ch	-17.7%	-15.8%	-3.3%	-9.1%	-0.9%	-1.0%	5.5%	0.8%	-10.0%	-17.7%	-4.0%	-10.0%
National (Thousands)	659	650	645	636	633	628	624	617	610	605	599	603
% Ch	-8.8%	-5.6%	-3.2%	-5.3%	-2.0%	-2.8%	-2.9%	-4.3%	-4.1%	-3.7%	-3.9%	2.6%
METAL FABRICATION												
Idaho	4,021	3,949	3,827	3,704	3,565	3,644	3,685	3,647	3,622	3,538	3,469	3,595
% Ch	0.5%	-7.0%	-11.8%	-12.3%	-14.2%	9.2%	4.5%	-4.0%	-2.7%	-9.0%	-7.5%	15.3%
National (Thousands)	1,745	1,701	1,656	1,604	1,567	1,556	1,546	1,525	1,501	1,481	1,465	1,467
% Ch	-3.6%	-9.7%	-10.3%	-11.9%	-9.1%	-2.8%	-2.3%	-5.3%	-6.4%	-5.2%	-4.2%	0.5%
MACHINERY												
Idaho	3,350	3,160	2,914	2,798	2,804	2,829	2,875	2,819	2,706	2,653	2,586	2,568
% Ch	-5.7%	-20.8%	-27.7%	-15.0%	0.8%	3.7%	6.5%	-7.4%	-15.2%	-7.6%	-9.8%	-2.7%
National (Thousands)	1,436	1,393	1,347	1,296	1,258	1,240	1,221	1,199	1,177	1,155	1,142	1,140
% Ch	-4.9%	-11.5%	-12.6%	-14.2%	-11.2%	-5.9%	-5.9%	-6.9%	-7.2%	-7.1%	-4.6%	-0.7%
COMPUTER & ELECTRONICS												
Idaho	20,686	20,056	19,477	18,393	18,086	18,031	17,826	17,769	16,764	16,240	16,177	16,245
% Ch	7.0%	-11.6%	-11.1%	-20.5%	-6.5%	-1.2%	-4.5%	-1.3%	-20.8%	-11.9%	-1.5%	1.7%
National (Thousands)	1,862	1,795	1,705	1,634	1,570	1,530	1,486	1,443	1,399	1,368	1,344	1,333
% Ch	0.4%	-13.5%	-18.7%	-15.7%	-14.8%	-9.6%	-11.2%	-11.1%	-11.5%	-8.6%	-6.8%	-3.2%
OTHER DURABLES												
Idaho	8,769	8,704	8,696	8,482	8,304	8,362	8,354	8,449	8,575	8,484	8,220	8,173
% Ch	-10.9%	-2.9%	-0.4%	-9.5%	-8.1%	2.9%	-0.4%	4.6%	6.1%	-4.2%	-11.9%	-2.3%
National (Thousands)	5,118	5,025	4,924	4,800	4,698	4,666	4,634	4,572	4,517	4,452	4,405	4,390
% Ch	-5.7%	-7.1%	-7.8%	-9.7%	-8.2%	-2.7%	-2.7%	-5.3%	-4.8%	-5.6%	-4.2%	-1.4%

**National Variables Forecast by Global Insight
Forecast Begins the FOURTH Quarter of 2003**

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004

EMPLOYMENT

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	574,847	577,382	579,573	582,020	584,250	586,556	588,957	591,613	594,788	598,041	601,507	605,087
% Ch	2.1%	1.8%	1.5%	1.7%	1.5%	1.6%	1.6%	1.8%	2.2%	2.2%	2.3%	2.4%
National (Thousands)	130,179	130,531	131,146	131,872	132,579	133,310	133,880	134,432	135,024	135,616	136,297	136,934
% Ch	0.5%	1.1%	1.9%	2.2%	2.2%	2.2%	1.7%	1.7%	1.8%	1.8%	2.0%	1.9%
GOODS PRODUCING SECTOR												
Idaho	101,420	101,599	101,524	101,394	101,210	101,000	100,731	100,524	100,335	100,212	100,227	100,351
% Ch	0.4%	0.7%	-0.3%	-0.5%	-0.7%	-0.8%	-1.1%	-0.8%	-0.7%	-0.5%	0.1%	0.5%
National (Thousands)	21,662	21,705	21,707	21,757	21,910	21,966	22,022	22,085	22,166	22,227	22,312	22,384
% Ch	-0.3%	0.8%	0.0%	0.9%	2.8%	1.0%	1.0%	1.1%	1.5%	1.1%	1.5%	1.3%
MANUFACTURING												
Idaho	63,292	63,712	63,923	64,038	64,131	64,199	64,261	64,371	64,479	64,643	64,883	65,194
% Ch	1.9%	2.7%	1.3%	0.7%	0.6%	0.4%	0.4%	0.7%	0.7%	1.0%	1.5%	1.9%
National (Thousands)	14,368	14,405	14,374	14,373	14,442	14,448	14,459	14,501	14,539	14,570	14,589	14,596
% Ch	-1.1%	1.0%	-0.9%	0.0%	1.9%	0.2%	0.3%	1.2%	1.1%	0.8%	0.5%	0.2%
DURABLE MANUFACTURING												
Idaho	39,479	39,817	40,004	40,054	40,097	40,108	40,121	40,174	40,217	40,317	40,501	40,753
% Ch	2.9%	3.5%	1.9%	0.5%	0.4%	0.1%	0.1%	0.5%	0.4%	1.0%	1.8%	2.5%
National (Thousands)	8,935	8,977	8,988	9,025	9,115	9,142	9,163	9,211	9,256	9,288	9,308	9,317
% Ch	0.1%	1.9%	0.5%	1.6%	4.0%	1.2%	0.9%	2.1%	2.0%	1.4%	0.9%	0.4%
LOGGING & WOOD PRODUCTS												
Idaho	8,723	8,889	8,871	8,706	8,569	8,401	8,234	8,086	7,968	7,880	7,852	7,888
% Ch	5.2%	7.8%	-0.8%	-7.2%	-6.1%	-7.6%	-7.7%	-7.0%	-5.7%	-4.3%	-1.4%	1.8%
National (Thousands)	602	616	614	610	606	600	593	588	582	578	576	576
% Ch	-0.2%	9.1%	-1.2%	-2.5%	-2.6%	-4.0%	-4.2%	-3.4%	-3.8%	-2.9%	-1.6%	0.2%
METAL FABRICATION												
Idaho	3,615	3,613	3,624	3,642	3,664	3,683	3,698	3,705	3,712	3,718	3,723	3,729
% Ch	2.2%	-0.1%	1.2%	1.9%	2.5%	2.1%	1.6%	0.8%	0.8%	0.6%	0.6%	0.6%
National (Thousands)	1,476	1,479	1,482	1,493	1,505	1,515	1,527	1,545	1,555	1,564	1,569	1,573
% Ch	2.4%	1.0%	0.8%	3.0%	3.3%	2.5%	3.4%	4.6%	2.7%	2.3%	1.4%	1.0%
MACHINERY												
Idaho	2,593	2,619	2,654	2,690	2,728	2,767	2,800	2,828	2,849	2,868	2,888	2,908
% Ch	3.9%	4.1%	5.5%	5.6%	5.7%	5.8%	4.9%	4.0%	3.1%	2.7%	2.7%	2.8%
National (Thousands)	1,137	1,133	1,134	1,146	1,162	1,176	1,186	1,197	1,203	1,206	1,208	1,209
% Ch	-1.1%	-1.3%	0.5%	4.0%	6.0%	4.6%	3.6%	3.8%	1.9%	1.2%	0.5%	0.2%
COMPUTER & ELECTRONICS												
Idaho	16,337	16,447	16,568	16,698	16,797	16,867	16,957	17,092	17,191	17,308	17,441	17,575
% Ch	2.3%	2.7%	3.0%	3.2%	2.4%	1.7%	2.2%	3.2%	2.3%	2.8%	3.1%	3.1%
National (Thousands)	1,335	1,355	1,370	1,367	1,392	1,375	1,359	1,361	1,384	1,399	1,408	1,410
% Ch	0.5%	6.1%	4.5%	-0.8%	7.4%	-4.7%	-4.5%	0.4%	7.0%	4.3%	2.6%	0.8%
OTHER DURABLES												
Idaho	8,211	8,249	8,287	8,317	8,338	8,390	8,432	8,463	8,497	8,542	8,597	8,652
% Ch	1.9%	1.9%	1.8%	1.5%	1.0%	2.5%	2.0%	1.5%	1.6%	2.1%	2.6%	2.6%
National (Thousands)	4,386	4,394	4,388	4,409	4,449	4,477	4,497	4,520	4,532	4,541	4,547	4,548
% Ch	-0.4%	0.8%	-0.5%	1.9%	3.7%	2.5%	1.8%	2.1%	1.1%	0.8%	0.5%	0.1%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

EMPLOYMENT

MANUFACTURING (continued)

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	25,636	25,546	25,230	24,759	24,552	24,556	24,571	24,249	24,323	24,029	23,906	23,795
% Ch	-4.6%	-1.4%	-4.8%	-7.3%	-3.3%	0.1%	0.2%	-5.1%	1.2%	-4.7%	-2.0%	-1.8%
National (Thousands)	6,269	6,173	6,052	5,933	5,850	5,798	5,756	5,693	5,641	5,578	5,523	5,474
% Ch	-3.7%	-6.0%	-7.6%	-7.7%	-5.5%	-3.5%	-2.9%	-4.3%	-3.6%	-4.4%	-3.9%	-3.5%
FOOD PROCESSING												
Idaho	16,531	16,662	16,631	16,261	16,433	16,388	16,372	16,221	16,148	15,924	15,723	15,729
% Ch	-5.9%	3.2%	-0.7%	-8.6%	4.3%	-1.1%	-0.4%	-3.6%	-1.8%	-5.4%	-5.0%	0.1%
National (Thousands)	1,556	1,559	1,549	1,540	1,536	1,529	1,518	1,518	1,517	1,517	1,524	1,514
% Ch	2.0%	0.6%	-2.6%	-2.2%	-1.1%	-1.7%	-3.0%	0.2%	-0.2%	0.0%	1.7%	-2.5%
PRINTING												
Idaho	2,371	2,260	2,172	2,097	2,028	2,019	2,048	2,035	2,108	2,095	2,091	2,073
% Ch	-5.1%	-17.5%	-14.7%	-13.0%	-12.5%	-1.8%	6.0%	-2.6%	15.0%	-2.5%	-0.6%	-3.5%
National (Thousands)	795	778	760	742	726	711	700	690	686	683	679	672
% Ch	-4.0%	-7.9%	-9.3%	-9.3%	-8.3%	-7.9%	-5.9%	-5.9%	-2.2%	-1.5%	-2.6%	-3.8%
CHEMICALS												
Idaho	2,373	2,385	2,296	2,238	1,973	1,943	1,893	1,889	1,859	1,823	1,809	1,800
% Ch	0.6%	1.9%	-14.0%	-9.7%	-39.6%	-6.0%	-9.8%	-1.0%	-6.2%	-7.6%	-2.9%	-2.0%
National (Thousands)	973	964	955	944	934	929	925	921	919	911	905	898
% Ch	-1.6%	-3.7%	-3.7%	-4.3%	-4.2%	-2.3%	-1.6%	-1.8%	-1.2%	-3.1%	-2.5%	-3.4%
OTHER NONDURABLES												
Idaho	4,361	4,239	4,132	4,162	4,117	4,206	4,257	4,104	4,208	4,188	4,282	4,193
% Ch	-1.7%	-10.7%	-9.8%	3.0%	-4.3%	8.9%	4.9%	-13.6%	10.6%	-2.0%	9.3%	-8.1%
National (Thousands)	2,946	2,872	2,789	2,707	2,654	2,629	2,613	2,564	2,520	2,466	2,415	2,390
% Ch	-7.1%	-9.6%	-11.0%	-11.3%	-7.5%	-3.8%	-2.4%	-7.3%	-6.7%	-8.2%	-8.0%	-4.1%
MINING												
Idaho	2,164	2,081	1,895	1,751	1,779	1,731	1,776	1,747	1,718	1,774	1,839	1,809
% Ch	-19.6%	-14.4%	-31.3%	-27.0%	6.4%	-10.4%	10.8%	-6.4%	-6.3%	13.6%	15.5%	-6.4%
National (Thousands)	532	537	535	527	522	514	507	505	502	502	502	503
% Ch	3.9%	3.8%	-1.5%	-5.7%	-3.4%	-6.5%	-4.9%	-1.6%	-2.1%	-0.7%	0.2%	1.0%
CONSTRUCTION												
Idaho	38,277	38,373	38,030	36,744	35,887	36,406	36,416	37,119	36,986	36,228	36,257	36,515
% Ch	17.0%	1.0%	-3.5%	-12.9%	-9.0%	5.9%	0.1%	7.9%	-1.4%	-8.0%	0.3%	2.9%
National (Thousands)	6,839	6,850	6,830	6,792	6,769	6,707	6,692	6,698	6,678	6,707	6,738	6,766
% Ch	1.6%	0.6%	-1.1%	-2.2%	-1.3%	-3.7%	-0.9%	0.4%	-1.2%	1.8%	1.8%	1.7%
NON-GOODS PRODUCING												
Idaho	456,091	457,791	458,647	458,648	459,114	462,436	463,709	466,698	468,422	468,908	469,722	470,483
% Ch	4.1%	1.5%	0.8%	0.0%	0.4%	2.9%	1.1%	2.6%	1.5%	0.4%	0.7%	0.7%
National (Thousands)	108,001	108,062	108,096	107,689	107,581	107,751	107,821	107,995	108,022	108,030	108,102	108,326
% Ch	1.2%	0.2%	0.1%	-1.5%	-0.4%	0.6%	0.3%	0.6%	0.1%	0.0%	0.3%	0.8%
TRADE												
Idaho	99,338	98,673	97,357	96,953	97,380	97,421	97,369	97,156	97,511	97,071	96,430	96,245
% Ch	-7.9%	-2.7%	-5.2%	-1.6%	1.8%	0.2%	-0.2%	-0.9%	1.5%	-1.8%	-2.6%	-0.8%
National (Thousands)	21,194	21,057	20,963	20,834	20,733	20,723	20,660	20,593	20,556	20,536	20,501	20,506
% Ch	-0.8%	-2.6%	-1.8%	-2.4%	-1.9%	-0.2%	-1.2%	-1.3%	-0.7%	-0.4%	-0.7%	0.1%
RETAIL TRADE												
Idaho	73,615	73,036	72,036	71,782	72,430	72,520	72,382	72,216	72,786	72,358	72,288	72,260
% Ch	-9.8%	-3.1%	-5.4%	-1.4%	3.7%	0.5%	-0.8%	-0.9%	3.2%	-2.3%	-0.4%	-0.2%
WHOLESALE TRADE												
Idaho	25,723	25,637	25,322	25,171	24,950	24,901	24,987	24,940	24,724	24,713	24,142	23,985
% Ch	-1.9%	-1.3%	-4.8%	-2.4%	-3.5%	-0.8%	1.4%	-0.8%	-3.4%	-0.2%	-8.9%	-2.6%

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Forecast Begins the FOURTH Quarter of 2003**

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004
EMPLOYMENT

MANUFACTURING (continued)

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,813	23,895	23,918	23,984	24,034	24,090	24,139	24,197	24,262	24,326	24,382	24,441
% Ch	0.3%	1.4%	0.4%	1.1%	0.8%	0.9%	0.8%	1.0%	1.1%	1.1%	0.9%	1.0%
National (Thousands)	5,433	5,428	5,386	5,348	5,327	5,306	5,296	5,290	5,283	5,282	5,281	5,278
% Ch	-3.0%	-0.3%	-3.1%	-2.7%	-1.6%	-1.6%	-0.8%	-0.5%	-0.5%	-0.1%	-0.1%	-0.2%
FOOD PROCESSING												
Idaho	15,729	15,774	15,766	15,801	15,837	15,882	15,925	15,969	16,020	16,068	16,108	16,151
% Ch	0.0%	1.2%	-0.2%	0.9%	0.9%	1.2%	1.1%	1.1%	1.3%	1.2%	1.0%	1.1%
National (Thousands)	1,497	1,504	1,496	1,489	1,486	1,481	1,478	1,477	1,479	1,484	1,489	1,495
% Ch	-4.5%	1.8%	-1.9%	-1.9%	-0.8%	-1.5%	-0.8%	-0.1%	0.5%	1.2%	1.5%	1.4%
PRINTING												
Idaho	2,057	2,039	2,024	2,008	1,993	1,986	1,983	1,983	1,985	1,986	1,987	1,987
% Ch	-3.0%	-3.4%	-3.0%	-3.1%	-3.1%	-1.3%	-0.6%	0.0%	0.3%	0.3%	0.2%	0.0%
National (Thousands)	669	666	657	651	648	646	647	648	649	650	651	652
% Ch	-2.0%	-1.9%	-5.1%	-3.5%	-1.6%	-1.2%	0.3%	0.5%	0.6%	0.8%	0.8%	0.6%
CHEMICALS												
Idaho	1,803	1,819	1,835	1,846	1,841	1,824	1,805	1,791	1,779	1,769	1,761	1,753
% Ch	0.7%	3.6%	3.5%	2.5%	-1.1%	-3.6%	-4.1%	-3.2%	-2.6%	-2.2%	-1.9%	-1.8%
National (Thousands)	893	888	885	885	885	886	889	890	887	886	883	881
% Ch	-2.1%	-1.9%	-1.3%	-0.4%	0.1%	0.8%	1.0%	0.4%	-1.0%	-0.8%	-1.2%	-1.0%
OTHER NONDURABLES												
Idaho	4,224	4,262	4,293	4,329	4,363	4,397	4,426	4,453	4,478	4,502	4,526	4,550
% Ch	3.0%	3.6%	3.0%	3.3%	3.2%	3.1%	2.6%	2.5%	2.2%	2.2%	2.1%	2.2%
National (Thousands)	2,375	2,371	2,347	2,323	2,308	2,292	2,283	2,275	2,268	2,262	2,257	2,251
% Ch	-2.6%	-0.7%	-4.0%	-4.0%	-2.6%	-2.7%	-1.7%	-1.3%	-1.3%	-0.9%	-0.9%	-1.1%
MINING												
Idaho	1,793	1,785	1,754	1,782	1,769	1,760	1,679	1,577	1,495	1,425	1,415	1,442
% Ch	-3.4%	-1.9%	-6.8%	6.7%	-2.9%	-2.0%	-17.2%	-22.2%	-19.3%	-17.5%	-2.7%	7.7%
National (Thousands)	507	506	501	499	492	484	472	461	451	443	438	435
% Ch	3.4%	-0.6%	-4.3%	-1.4%	-5.7%	-6.3%	-9.3%	-9.3%	-8.4%	-6.8%	-4.3%	-3.0%
CONSTRUCTION												
Idaho	36,334	36,102	35,847	35,574	35,310	35,041	34,791	34,576	34,361	34,144	33,929	33,715
% Ch	-2.0%	-2.5%	-2.8%	-3.0%	-2.9%	-3.0%	-2.8%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
National (Thousands)	6,787	6,794	6,832	6,885	6,976	7,034	7,090	7,123	7,176	7,215	7,285	7,354
% Ch	1.2%	0.4%	2.3%	3.1%	5.4%	3.4%	3.3%	1.8%	3.0%	2.2%	4.0%	3.8%
NON-GOODS PRODUCING												
Idaho	473,427	475,783	478,050	480,626	483,040	485,555	488,226	491,090	494,453	497,829	501,280	504,737
% Ch	2.5%	2.0%	1.9%	2.2%	2.0%	2.1%	2.2%	2.4%	2.8%	2.8%	2.8%	2.8%
National (Thousands)	108,517	108,826	109,439	110,115	110,669	111,344	111,859	112,347	112,858	113,389	113,985	114,549
% Ch	0.7%	1.1%	2.3%	2.5%	2.0%	2.5%	1.9%	1.8%	1.8%	1.9%	2.1%	2.0%
TRADE												
Idaho	96,911	97,587	98,186	98,856	99,374	99,878	100,420	100,992	101,638	102,347	103,109	103,912
% Ch	2.8%	2.8%	2.5%	2.8%	2.1%	2.0%	2.2%	2.3%	2.6%	2.8%	3.0%	3.2%
National (Thousands)	20,573	20,584	20,593	20,637	20,616	20,656	20,694	20,753	20,837	20,939	21,019	21,094
% Ch	1.3%	0.2%	0.2%	0.9%	-0.4%	0.8%	0.7%	1.1%	1.6%	2.0%	1.5%	1.4%
RETAIL TRADE												
Idaho	72,773	73,310	73,776	74,296	74,707	75,108	75,539	75,996	76,509	77,068	77,671	78,305
% Ch	2.9%	3.0%	2.6%	2.9%	2.2%	2.2%	2.3%	2.4%	2.7%	3.0%	3.2%	3.3%
WHOLESALE TRADE												
Idaho	24,138	24,276	24,410	24,560	24,667	24,770	24,881	24,996	25,129	25,278	25,439	25,607
% Ch	2.6%	2.3%	2.2%	2.5%	1.8%	1.7%	1.8%	1.9%	2.1%	2.4%	2.6%	2.7%

National Variables Forecast by Global Insight
Forecast Begins the FOURTH Quarter of 2003

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

EMPLOYMENT

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SERVICES												
Idaho	247,888	249,595	250,561	250,244	249,924	253,008	254,529	257,038	258,275	258,784	260,687	262,110
% Ch	10.2%	2.8%	1.6%	-0.5%	-0.5%	5.0%	2.4%	4.0%	1.9%	0.8%	3.0%	2.2%
National (Thousands)	65,917	65,960	65,910	65,532	65,447	65,534	65,610	65,809	65,847	65,925	66,041	66,270
% Ch	1.4%	0.3%	-0.3%	-2.3%	-0.5%	0.5%	0.5%	1.2%	0.2%	0.5%	0.7%	1.4%
INFORMATION												
Idaho	9,759	9,582	9,591	9,451	9,289	9,193	8,976	9,169	9,199	9,168	9,097	9,171
% Ch	-6.8%	-7.1%	0.4%	-5.7%	-6.7%	-4.1%	-9.1%	8.9%	1.3%	-1.3%	-3.1%	3.3%
National (Thousands)	3,714	3,666	3,600	3,538	3,472	3,419	3,364	3,321	3,237	3,204	3,179	3,171
% Ch	2.8%	-5.1%	-7.0%	-6.7%	-7.2%	-6.0%	-6.3%	-5.1%	-9.7%	-4.1%	-3.0%	-1.0%
FINANCIAL ACTIVITIES												
Idaho	24,649	25,001	25,182	25,215	25,563	25,669	25,910	26,149	26,529	26,842	27,145	27,313
% Ch	-6.3%	5.9%	2.9%	0.5%	5.6%	1.7%	3.8%	3.7%	5.9%	4.8%	4.6%	2.5%
National (Thousands)	7,777	7,809	7,814	7,836	7,833	7,827	7,839	7,893	7,931	7,981	7,998	7,985
% Ch	2.5%	1.7%	0.3%	1.1%	-0.2%	-0.3%	0.6%	2.8%	1.9%	2.5%	0.9%	-0.6%
TRANS., WAREHOUSING, UTILITIES												
Idaho	19,193	19,293	19,165	18,964	18,626	18,706	18,668	18,687	18,939	18,566	18,628	18,716
% Ch	-3.8%	2.1%	-2.6%	-4.1%	-6.9%	1.7%	-0.8%	0.4%	5.5%	-7.7%	1.3%	1.9%
National (Thousands)	5,046	5,018	4,975	4,856	4,822	4,825	4,827	4,811	4,796	4,762	4,733	4,742
% Ch	0.0%	-2.2%	-3.4%	-9.2%	-2.8%	0.3%	0.2%	-1.4%	-1.2%	-2.8%	-2.4%	0.8%
PROFESSIONAL & BUSINESS												
Idaho	67,143	67,662	68,276	67,530	67,241	68,955	69,533	70,318	69,834	69,875	70,175	70,805
% Ch	32.8%	3.1%	3.7%	-4.3%	-1.7%	10.6%	3.4%	4.6%	-2.7%	0.2%	1.7%	3.6%
National (Thousands)	16,783	16,599	16,413	16,137	15,989	16,024	15,964	15,926	15,893	15,936	16,023	16,114
% Ch	-1.2%	-4.3%	-4.4%	-6.6%	-3.6%	0.9%	-1.5%	-0.9%	-0.8%	1.1%	2.2%	2.3%
EDUCATION & HEALTH												
Idaho	55,602	56,537	57,458	58,237	58,894	59,536	60,099	60,726	61,443	62,177	63,072	63,508
% Ch	9.0%	6.9%	6.7%	5.5%	4.6%	4.4%	3.8%	4.2%	4.8%	4.9%	5.9%	2.8%
National (Thousands)	15,412	15,564	15,732	15,873	16,007	16,143	16,283	16,377	16,462	16,559	16,594	16,705
% Ch	3.9%	4.0%	4.4%	3.6%	3.4%	3.4%	3.5%	2.3%	2.1%	2.4%	0.8%	2.7%
LEISURE & HOSPITALITY												
Idaho	53,292	53,178	52,846	52,903	52,623	53,142	53,394	53,949	54,285	54,059	54,219	54,245
% Ch	4.1%	-0.9%	-2.5%	0.4%	-2.1%	4.0%	1.9%	4.2%	2.5%	-1.7%	1.2%	0.2%
National (Thousands)	11,985	12,068	12,094	11,979	11,971	11,928	11,960	12,086	12,131	12,086	12,120	12,172
% Ch	1.9%	2.8%	0.9%	-3.8%	-0.2%	-1.4%	1.1%	4.3%	1.5%	-1.5%	1.1%	1.7%
OTHER SERVICES												
Idaho	18,252	18,342	18,043	17,945	17,688	17,806	17,950	18,040	18,045	18,097	18,351	18,352
% Ch	9.4%	2.0%	-6.4%	-2.2%	-5.6%	2.7%	3.3%	2.0%	0.1%	1.2%	5.7%	0.0%
National (Thousands)	5,200	5,236	5,282	5,314	5,352	5,368	5,373	5,395	5,396	5,397	5,393	5,381
% Ch	0.8%	2.8%	3.5%	2.4%	2.9%	1.2%	0.3%	1.6%	0.1%	0.1%	-0.3%	-0.9%
STATE & LOCAL GOVERNMENT												
Idaho	95,709	96,290	97,370	98,089	98,533	98,692	98,065	98,653	98,909	99,370	98,846	98,597
% Ch	2.5%	2.4%	4.6%	3.0%	1.8%	0.6%	-2.5%	2.4%	1.0%	1.9%	-2.1%	-1.0%
National (Thousands)	18,139	18,280	18,444	18,569	18,649	18,725	18,785	18,815	18,833	18,802	18,808	18,823
% Ch	2.4%	3.1%	3.6%	2.7%	1.7%	1.6%	1.3%	0.6%	0.4%	-0.7%	0.1%	0.3%
EDUCATION												
Idaho	48,397	48,544	49,402	49,760	49,653	50,081	49,297	49,590	49,838	49,862	48,554	48,976
% Ch	3.1%	1.2%	7.3%	2.9%	-0.9%	3.5%	-6.1%	2.4%	2.0%	0.2%	-10.1%	3.5%
NON-EDUCATION												
Idaho	47,312	47,746	47,967	48,328	48,880	48,612	48,768	49,062	49,071	49,507	50,291	49,622
% Ch	1.9%	3.7%	1.9%	3.0%	4.6%	-2.2%	1.3%	2.4%	0.1%	3.6%	6.5%	-5.2%
FEDERAL GOVERNMENT												
Idaho	13,155	13,232	13,359	13,362	13,278	13,315	13,746	13,851	13,728	13,682	13,759	13,532
% Ch	1.0%	2.4%	3.9%	0.1%	-2.5%	1.1%	13.6%	3.1%	-3.5%	-1.3%	2.3%	-6.4%
National (Thousands)	2,752	2,766	2,780	2,754	2,753	2,769	2,765	2,778	2,787	2,767	2,752	2,726
% Ch	2.2%	2.0%	2.0%	-3.6%	-0.1%	2.2%	-0.5%	1.8%	1.3%	-2.9%	-2.2%	-3.6%

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QUARTERLY DETAIL
APRIL 2004**

EMPLOYMENT

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SERVICES												
Idaho	263,991	265,492	267,086	268,796	270,642	272,491	274,495	276,629	279,136	281,574	284,022	286,451
% Ch	2.9%	2.3%	2.4%	2.6%	2.8%	2.8%	3.0%	3.1%	3.7%	3.5%	3.5%	3.5%
National (Thousands)	66,391	66,659	67,164	67,728	68,283	68,804	69,210	69,591	70,020	70,451	70,950	71,416
% Ch	0.7%	1.6%	3.1%	3.4%	3.3%	3.1%	2.4%	2.2%	2.5%	2.5%	2.9%	2.7%
INFORMATION												
Idaho	9,281	9,421	9,527	9,690	9,778	9,857	9,941	10,025	10,103	10,173	10,236	10,293
% Ch	4.9%	6.2%	4.6%	7.0%	3.7%	3.3%	3.4%	3.4%	3.1%	2.8%	2.5%	2.2%
National (Thousands)	3,167	3,182	3,237	3,282	3,294	3,296	3,287	3,283	3,273	3,264	3,257	3,252
% Ch	-0.5%	1.9%	7.1%	5.7%	1.4%	0.2%	-1.0%	-0.4%	-1.2%	-1.1%	-0.9%	-0.7%
FINANCIAL ACTIVITIES												
Idaho	27,468	27,632	27,791	27,940	28,070	28,196	28,320	28,443	28,552	28,656	28,758	28,858
% Ch	2.3%	2.4%	2.3%	2.2%	1.9%	1.8%	1.8%	1.8%	1.5%	1.5%	1.4%	1.4%
National (Thousands)	7,990	7,962	7,967	7,992	8,022	8,056	8,087	8,126	8,156	8,165	8,185	8,202
% Ch	0.2%	-1.4%	0.3%	1.3%	1.5%	1.7%	1.5%	2.0%	1.5%	0.4%	1.0%	0.8%
TRANS., WAREHOUSING, UTILITIES												
Idaho	18,568	18,480	18,460	18,488	18,641	18,732	18,880	18,992	19,190	19,334	19,423	19,483
% Ch	-3.1%	-1.9%	-0.4%	0.6%	3.4%	2.0%	3.2%	2.4%	4.2%	3.0%	1.9%	1.2%
National (Thousands)	4,742	4,772	4,817	4,865	4,902	4,943	4,986	5,021	5,053	5,096	5,141	5,187
% Ch	0.0%	2.6%	3.8%	4.0%	3.1%	3.4%	3.5%	2.8%	2.6%	3.4%	3.6%	3.6%
PROFESSIONAL & BUSINESS												
Idaho	71,436	71,767	72,291	72,749	73,265	73,848	74,511	75,283	76,172	77,047	77,967	78,892
% Ch	3.6%	1.9%	3.0%	2.6%	2.9%	3.2%	3.6%	4.2%	4.8%	4.7%	4.9%	4.8%
National (Thousands)	16,155	16,353	16,632	16,944	17,263	17,507	17,648	17,787	17,972	18,183	18,418	18,677
% Ch	1.0%	5.0%	7.0%	7.7%	7.8%	5.8%	3.3%	3.2%	4.2%	4.8%	5.3%	5.7%
EDUCATION & HEALTH												
Idaho	63,932	64,345	64,657	65,036	65,498	65,963	66,439	66,968	67,654	68,327	69,037	69,761
% Ch	2.7%	2.6%	2.0%	2.4%	2.9%	2.9%	2.9%	3.2%	4.2%	4.0%	4.2%	4.3%
National (Thousands)	16,759	16,804	16,886	16,952	17,022	17,084	17,150	17,212	17,353	17,470	17,612	17,710
% Ch	1.3%	1.1%	2.0%	1.6%	1.7%	1.5%	1.5%	1.5%	3.3%	2.7%	3.3%	2.3%
LEISURE & HOSPITALITY												
Idaho	54,847	55,257	55,662	56,080	56,516	56,952	57,388	57,824	58,260	58,696	59,132	59,568
% Ch	4.5%	3.0%	3.0%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.0%	3.0%	3.0%
National (Thousands)	12,208	12,225	12,228	12,252	12,303	12,410	12,517	12,608	12,656	12,706	12,755	12,798
% Ch	1.2%	0.6%	0.1%	0.8%	1.7%	3.5%	3.5%	3.0%	1.5%	1.6%	1.6%	1.4%
OTHER SERVICES												
Idaho	18,459	18,590	18,699	18,812	18,873	18,943	19,015	19,094	19,207	19,341	19,470	19,597
% Ch	2.4%	2.9%	2.4%	2.5%	1.3%	1.5%	1.5%	1.7%	2.4%	2.8%	2.7%	2.6%
National (Thousands)	5,371	5,361	5,396	5,441	5,476	5,509	5,535	5,553	5,557	5,568	5,582	5,590
% Ch	-0.7%	-0.8%	2.6%	3.4%	2.6%	2.4%	1.9%	1.3%	0.3%	0.8%	1.0%	0.6%
STATE & LOCAL GOVERNMENT												
Idaho	98,957	99,134	99,214	99,406	99,455	99,625	99,772	99,940	100,160	100,397	100,642	100,872
% Ch	1.5%	0.7%	0.3%	0.8%	0.2%	0.7%	0.6%	0.7%	0.9%	1.0%	1.0%	0.9%
National (Thousands)	18,830	18,858	18,953	19,017	19,036	19,147	19,219	19,268	19,266	19,262	19,279	19,300
% Ch	0.2%	0.6%	2.0%	1.4%	0.4%	2.4%	1.5%	1.0%	0.0%	-0.1%	0.4%	0.4%
EDUCATION												
Idaho	49,326	49,539	49,625	49,825	49,897	50,023	50,182	50,342	50,526	50,722	50,915	51,094
% Ch	2.9%	1.7%	0.7%	1.6%	0.6%	1.0%	1.3%	1.3%	1.5%	1.6%	1.5%	1.4%
NON-EDUCATION												
Idaho	49,632	49,594	49,589	49,581	49,558	49,602	49,590	49,598	49,634	49,675	49,727	49,778
% Ch	0.1%	-0.3%	0.0%	-0.1%	-0.2%	0.4%	-0.1%	0.1%	0.3%	0.3%	0.4%	0.4%
FEDERAL GOVERNMENT												
Idaho	13,568	13,571	13,563	13,569	13,570	13,561	13,539	13,529	13,519	13,511	13,507	13,501
% Ch	1.1%	0.1%	-0.2%	0.2%	0.0%	-0.3%	-0.6%	-0.3%	-0.3%	-0.2%	-0.1%	-0.2%
National (Thousands)	2,722	2,725	2,729	2,732	2,735	2,737	2,736	2,736	2,736	2,736	2,738	2,739
% Ch	-0.6%	0.4%	0.5%	0.5%	0.4%	0.2%	-0.1%	0.0%	0.0%	0.1%	0.2%	0.2%

**National Variables Forecast by Global Insight
Forecast Begins the FOURTH Quarter of 2003**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

MISCELLANEOUS

	Q1	2001 Q2	Q3	Q4	Q1	2002 Q2	Q3	Q4	Q1	2003 Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	101.478	102.273	102.676	103.078	103.364	103.738	104.123	104.571	105.163	105.440	105.870	106.187
% Ch	3.2%	3.2%	1.6%	1.6%	1.1%	1.5%	1.5%	1.7%	2.3%	1.1%	1.6%	1.2%
Consumption Expenditures	101.475	102.115	102.231	102.334	102.507	103.245	103.761	104.203	104.927	105.065	105.522	105.695
% Ch	3.2%	2.5%	0.5%	0.4%	0.7%	2.9%	2.0%	1.7%	2.8%	0.5%	1.8%	0.7%
Durable Goods	99.163	98.379	97.678	97.124	96.268	95.574	94.855	94.136	93.074	92.147	91.207	90.298
% Ch	-1.3%	-3.1%	-2.8%	-2.2%	-3.5%	-2.9%	-3.0%	-3.0%	-4.4%	-3.9%	-4.0%	-3.9%
Nondurable Goods	101.220	102.152	101.933	100.815	100.780	102.194	102.538	102.789	104.079	103.529	104.488	104.623
% Ch	1.3%	3.7%	-0.9%	-4.3%	-0.1%	5.7%	1.4%	1.0%	5.1%	-2.1%	3.8%	0.5%
Services	102.114	102.925	103.388	104.243	104.754	105.485	106.371	107.174	108.028	108.758	109.306	109.771
% Ch	5.1%	3.2%	1.8%	3.3%	2.0%	2.8%	3.4%	3.1%	3.2%	2.7%	2.0%	1.7%
Consumer Price Index (1982-84=100)	1.758	1.772	1.777	1.774	1.780	1.795	1.805	1.814	1.831	1.834	1.845	1.848
% Ch	3.7%	3.2%	1.0%	-0.5%	1.3%	3.5%	2.2%	1.9%	3.9%	0.6%	2.3%	0.7%
SELECTED INTEREST RATES												
Federal Funds	5.6%	4.3%	3.5%	2.1%	1.7%	1.8%	1.7%	1.4%	1.3%	1.2%	1.0%	1.0%
NY Fed Discount	5.1%	3.8%	3.1%	1.6%	1.3%	1.3%	1.3%	0.9%	2.1%	2.2%	2.0%	2.0%
Prime	8.6%	7.3%	6.6%	5.2%	4.8%	4.8%	4.8%	4.5%	4.3%	4.2%	4.0%	4.0%
Existing Home Mortgage	7.2%	7.1%	7.1%	6.7%	6.9%	6.8%	6.4%	6.1%	5.9%	5.6%	5.7%	5.8%
U.S. Govt. 3-Month Bills	4.9%	3.7%	3.2%	1.9%	1.7%	1.7%	1.6%	1.4%	1.2%	1.0%	0.9%	0.9%
U.S. Govt. 6-Month Bills	4.7%	3.7%	3.2%	1.9%	1.8%	1.9%	1.6%	1.4%	1.2%	1.1%	1.0%	1.0%
U.S. Govt. 5-Year Notes	4.8%	4.8%	4.5%	4.1%	4.5%	4.4%	3.3%	3.0%	2.9%	2.6%	3.1%	3.3%
U.S. Govt. 10-Year Notes	5.1%	5.3%	5.0%	4.8%	5.1%	5.1%	4.3%	4.0%	3.9%	3.6%	4.2%	4.3%
SELECTED US PRODUCTION INDICES												
Wood Products	99.1	101.0	101.8	100.5	102.0	101.5	100.1	98.7	98.0	97.3	99.0	101.8
% Ch	-13.6%	8.1%	3.2%	-5.2%	6.1%	-2.0%	-5.4%	-5.7%	-2.7%	-2.8%	7.2%	11.7%
Computers & Electronic Products	235.7	227.5	219.2	221.9	225.2	229.7	237.8	245.9	253.1	257.7	272.5	284.6
% Ch	-7.0%	-13.2%	-13.9%	5.1%	6.0%	8.2%	14.9%	14.4%	12.2%	7.5%	25.0%	19.1%
Food	106.6	107.3	106.7	107.0	107.8	107.4	106.9	106.4	106.4	106.2	105.9	105.8
% Ch	0.1%	2.5%	-2.0%	0.8%	3.0%	-1.4%	-1.8%	-2.0%	0.2%	-0.9%	-0.9%	-0.5%
Agricultural Chemicals	81.9	79.0	78.9	82.4	80.1	82.4	83.4	80.9	79.9	80.4	80.3	83.9
% Ch	-7.3%	-13.3%	-0.8%	19.2%	-10.8%	12.0%	5.0%	-11.4%	-4.8%	2.3%	-0.4%	19.4%
Metal Ore Mining	85.5	84.4	81.1	79.4	72.7	75.7	76.1	76.9	73.7	71.0	73.9	74.8
% Ch	-8.1%	-5.1%	-14.6%	-8.2%	-29.7%	17.5%	1.9%	4.6%	-15.9%	-13.7%	17.6%	4.4%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
APRIL 2004**

MISCELLANEOUS

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	106.774	107.093	107.499	107.855	108.335	108.727	109.093	109.487	109.954	110.394	110.857	111.362
% Ch	2.2%	1.2%	1.5%	1.3%	1.8%	1.5%	1.4%	1.5%	1.7%	1.6%	1.7%	1.8%
Consumption Expenditures	106.422	106.686	107.002	107.350	107.776	108.195	108.612	109.069	109.536	110.032	110.591	111.182
% Ch	2.8%	1.0%	1.2%	1.3%	1.6%	1.6%	1.6%	1.7%	1.7%	1.8%	2.0%	2.2%
Durable Goods	90.105	89.711	89.490	89.331	89.277	89.200	89.078	88.937	88.809	88.700	88.617	88.568
% Ch	-0.9%	-1.7%	-1.0%	-0.7%	-0.2%	-0.3%	-0.5%	-0.6%	-0.6%	-0.5%	-0.4%	-0.2%
Nondurable Goods	105.793	105.477	105.186	105.153	105.339	105.575	105.820	106.194	106.537	106.894	107.346	107.831
% Ch	4.5%	-1.2%	-1.1%	-0.1%	0.7%	0.9%	0.9%	1.4%	1.3%	1.3%	1.7%	1.8%
Services	110.498	111.223	111.986	112.658	113.327	113.966	114.607	115.257	115.935	116.654	117.429	118.236
% Ch	2.7%	2.7%	2.8%	2.4%	2.4%	2.3%	2.3%	2.3%	2.4%	2.5%	2.7%	2.8%
Consumer Price Index (1982-84=100)	1.863	1.868	1.872	1.877	1.884	1.891	1.897	1.904	1.912	1.920	1.929	1.938
% Ch	3.4%	0.9%	1.0%	1.1%	1.5%	1.4%	1.4%	1.5%	1.5%	1.7%	1.9%	2.0%
SELECTED INTEREST RATES												
Federal Funds	1.0%	1.0%	1.1%	1.4%	2.0%	2.3%	2.5%	2.8%	3.0%	3.0%	3.0%	3.0%
NY Fed Discount	2.0%	2.0%	2.1%	2.4%	3.0%	3.3%	3.5%	3.8%	4.0%	4.0%	4.0%	4.0%
Prime	4.0%	4.0%	4.1%	4.4%	5.0%	5.3%	5.5%	5.8%	6.0%	6.0%	6.0%	6.0%
Existing Home Mortgage	5.8%	6.0%	6.1%	6.3%	6.4%	6.5%	6.6%	6.6%	6.6%	6.7%	6.8%	6.7%
U.S. Govt. 3-Month Bills	0.9%	1.0%	1.1%	1.4%	1.8%	2.1%	2.3%	2.5%	2.7%	2.7%	2.8%	2.8%
U.S. Govt. 6-Month Bills	1.1%	1.1%	1.3%	1.6%	2.0%	2.3%	2.5%	2.7%	2.9%	2.9%	2.9%	3.0%
U.S. Govt. 5-Year Notes	3.0%	3.2%	3.4%	3.6%	4.1%	4.3%	4.5%	4.6%	4.8%	4.8%	4.8%	4.8%
U.S. Govt. 10-Year Notes	4.1%	4.2%	4.4%	4.6%	4.9%	5.1%	5.2%	5.2%	5.4%	5.4%	5.4%	5.4%
SELECTED US PRODUCTION INDICES												
Wood Products	103.1	104.5	102.7	101.8	100.6	99.4	98.3	97.3	96.5	96.2	96.4	97.1
% Ch	5.5%	5.3%	-6.6%	-3.4%	-4.8%	-4.6%	-4.3%	-4.1%	-3.2%	-1.2%	0.6%	3.2%
Computers & Electronic Products	297.8	311.5	325.9	339.9	353.4	365.9	377.0	388.7	402.7	416.9	431.5	446.4
% Ch	19.8%	19.8%	19.7%	18.3%	16.9%	14.9%	12.8%	13.0%	15.2%	14.8%	14.8%	14.5%
Food	105.9	106.4	107.2	108.1	108.8	109.5	110.2	110.8	111.4	111.9	112.5	113.1
% Ch	0.3%	2.0%	2.9%	3.4%	2.9%	2.6%	2.3%	2.2%	2.2%	2.1%	2.0%	2.1%
Agricultural Chemicals	86.4	86.8	85.5	84.7	84.1	83.8	83.7	83.7	83.7	83.7	83.7	83.7
% Ch	12.4%	1.7%	-5.9%	-3.7%	-2.7%	-1.3%	-0.5%	-0.3%	0.0%	0.0%	0.1%	0.3%
Metal Ore Mining	76.3	76.5	77.2	78.3	79.7	81.1	82.4	83.6	84.7	85.6	86.4	87.1
% Ch	8.5%	1.1%	3.7%	5.8%	7.3%	7.2%	6.6%	6.0%	5.4%	4.3%	3.8%	3.3%

THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the non-profit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

$$\begin{aligned} \text{personal income} = & \text{wage and salary payments} + \text{other labor} \\ & \text{income} + \text{farm proprietors' income} + \text{nonfarm proprietors'} \\ & \text{income} + \text{property income} + \text{transfer payments} - \text{contributions} \\ & \text{for social insurance} + \text{residence adjustment.} \end{aligned}$$

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

IDAHO ECONOMIC MODEL

$$EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS$$

$$EEA_ID_2100 = 5811.946 + 39.207*ID0IP2122_2123 - 5021.255*(JWSSNF/WPI10) - 42.684*(IPSG21/ENRM21) + 44.291*TREND$$

$$EEA_ID_2300 = -8065.097 + 324.539*TREND + 71.777*ID0HSPRS1_A + 61.523*ID0HSPRS1_A(-1) + 51.270*ID0HSPRS1_A(-2) + 41.016*ID0HSPRS1_A(-3) + 30.762*ID0HSPRS1_A(-4) + 20.508*ID0HSPRS1_A(-5) + 10.254*ID0HSPRS1_A(-6)$$

$$EEA_ID_3110 = 22254.508 - 980.570*(JWSSNF/WPI01) - 41.826*(MOVAV(IPSG311,2))$$

$$EEA_ID_3230 = 490.918 + 24.966*(MOVAV(IPSG323,8)) - 5.867*TREND$$

$$EEA_ID_3250 = 2804.468 + 14.775*(MOVAV(IPSG3253(-1),4)) - 1919.406*DUM951ON$$

$$EEA_ID_3320 = -1357.062 + 44.205*(MOVAV(IPSG332,2)) - 1299.228*(JWSSNF/WPI10) + 16.232*TREND$$

$$EEA_ID_3330 = 507.031 + 23.912*IPSG333 - 1687.806*(JWSSNF/WPI11) + 16.146*TREND$$

$$EEA_ID_3340 = 29603.322 + 30.638*IPSG3341 - 16931.569*JEXCHMTREAL$$

$$EEA_ID_4200 = 7570.581 - 1023.009*JEXCHOIPREAL + 0.258*EEA_ID_44_45$$

$$EEA_ID_44_45 = 21333.316 + 166.622*(MOVAV(YPADJ_ID,4)/MOVAV(JPC,4))$$

$$EEA_ID_48_49_22 = -5527.104 - 71.249*(MOVAV(JPCNEGAO,8)) + 23404.952*ID0NPT$$

$$EEA_ID_5100 = -6561.092 + 44.643*(MOVAV(IPSN51112T9,6)) + 36.527*(MOVAV(IPSG51111,4)) + 5481.789*ID0NPT$$

$$EEA_ID_52_53 = -14086.347 - 6363.045*DUM981ON + 2162.217*(DUM9801004*MOVAV(SP500/SP500(-2),2)) + 104.561*ID0KHU$$

$$EEA_ID_54_55_56 = -20357.339 + 1.303*YPADJ_ID + 164.078*(MOVAV(RADR,8))$$

$$EEA_ID_61_62 = -9778.760 + 18744.779*ID0NPT + 1.297*YPADJ_ID$$

$$EEA_ID_71_72 = -17194.959 + 53386.574*ID0NPT$$

$$EEA_ID_8100 = 1212.842 + 53.009*(MOVAV(YPADJ_ID,2)/MOVAV(JPC,2)) + 1284.166*DUM931964$$

$$EEA_ID_DMANU = EEA_ID_WOOD + EEA_ID_3320 + EEA_ID_3330 + EEA_ID_3340 + EEA_ID_MFDNEC$$

$$EEA_ID_GOODS = EEA_ID_MANU + EEA_ID_2300 + EEA_ID_2100$$

$$EEA_ID_GV = EEA_ID_GVSL + EEA_ID_GVF$$

$$EEA_ID_GVF = -4336.136 + 1430134.815*(EGF*(ID0NPT/N)) - 2078.616*(EG91*(GFOR/GFR)) + 10.383*TREND$$

$$EEA_ID_GVSL = EEA_ID_GVSLAD + EEA_ID_GVSLED$$

$$EEA_ID_GVSLAD = -745.080 + 104251.792*(ID0NPT*((N-N16A)/N)) + 0.697*(MOVAV(ID0YPTXB(-4),4))$$

$$EEA_ID_GVSLED = 9052.555 + 60529.645*(ID0NPT*((N-N16A)/N)) + 0.863*(MOVAV(ID0YPTXB(-4),2))$$

$$EEA_ID_MANU = EEA_ID_DMANU + EEA_ID_NMANU$$

$$EEA_ID_MFDNEC = -3939.812 + 115.877*(MOVAV(ID0IPMFDNEC,2))$$

$$EEA_ID_MFNNEC = 1049.928 + 1.444*(CNCSR+CNOOR) + 23.965*(MOVAV(IPSG322,2))$$

$$EEA_ID_NMANU = EEA_ID_3110 + EEA_ID_3230 + EEA_ID_3250 + EEA_ID_MFNNEC$$

$$EEA_ID_NONGOODS = EEA_ID_SV + EEA_ID_4200 + EEA_ID_44_45 + EEA_ID_GV$$

$$EEA_ID_SV = EEA_ID_48_49_22 + EEA_ID_5100 + EEA_ID_52_53 + EEA_ID_54_55_56 + EEA_ID_61_62 + EEA_ID_71_72 + EEA_ID_8100$$

$$EEA_ID_WOOD = 10412.549 + 101.300*(MOVAV(IPSG321,2)) - 8536.257*(JWSSNF/WPI08) - 30.197*TREND$$

$$ID0AHEMF = 5.886 + 7.388*(EEA_ID_DMANU(-1)/EEA_ID_MANU(-1)*JWSSNF) + 3.383*(EEA_ID_NMANU(-1)/EEA_ID_MANU(-1)*JWSSNF)$$

$$ID0CRCROP = -1259903.721. + 0.010*CRCROP + 1907175.344*WPI01$$

$$ID0CRLVSTK = -733908.722 + 0.029*CRCATCVS + 1172521.052*WPI01$$

$$ID0EXFP = -162174.176 + 1293980.737*WPI01 + 18747.694*TREND$$

$$ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A$$

$$ID0HSPRS1_A = -16.091 -1.115*(RMMTGEXIST-MOVAV(RMMTGEXIST(-1),4)) + 119.743*(MOVAV(ID0NPT(-1),4)-MOVAV(ID0NPT(-5),4)) + 0.055*ID0KHU(-1)$$

$$\text{ID0HSPRS2A_A} = 2.181 + 37.762 * (\text{MOVAV}(\text{ID0NPT}(-1),4) - \text{MOVAV}(\text{ID0NPT}(-5),4)) - 0.117 * (\text{MOVAV}(\text{RMMTGEXIST},4)) - 0.004 * \text{TREND}$$

$$\text{ID0KHU} = \text{ID0KHU1} + \text{ID0KHU2A}$$

$$\text{ID0KHU1} = ((0.997)^{0.25}) * \text{ID0KHU1}(-1) + \text{ID0HSPRS1_A} / 4$$

$$\text{ID0KHU2A} = ((0.997)^{0.25}) * \text{ID0KHU2A}(-1) + \text{ID0HSPRS2A_A} / 4$$

$$\text{ID0NB} = -8.322 + 36.508 * \text{ID0NPT} - 0.152 * \text{TREND}$$

$$\text{ID0ND} = 0.924 + 5.740 * \text{ID0NPT} + 0.009 * \text{TREND}$$

$$\text{ID0NMG} = 4 * \text{D}(\text{ID0NPT}) - (\text{ID0NB} - \text{ID0ND}) / 1000$$

$$\text{ID0NPT} = 0.673124 + 0.005 * \text{TREND}$$

$$\text{ID0WBB\$} = \text{ID0WBBMF\$} + \text{ID0WBBOTH\$} + \text{ID0WBBCC\$} + \text{ID0WBBF\$} + \text{ID0WBBMIL\$}$$

$$\text{ID0WBBCC\$} = (\text{ID0WRWCC\$} * \text{EEA_ID_2300}) / 1000000$$

$$\text{ID0WBBF\$} = -82.566 + 266.280 * \text{WPI02}$$

$$\text{ID0WBBMF\$} = (\text{ID0WRWMF\$} * \text{EEA_ID_MANU}) / 1000000$$

$$\text{ID0WBBMIL\$} = 16.885 + 271.320 * ((\text{ID0NPT}/\text{N}) * \text{GFMLCWSS})$$

$$\text{ID0WBBOTH\$} = \text{ID0WRWOTH\$} * (\text{EEA_ID} - \text{EEA_ID_2300} - \text{EEA_ID_MANU}) / 1000000$$

$$\text{ID0WRWCC\$} = 3559.879 + 1954.771 * \text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = 210.551 + 2791.535 * \text{ID0AHEMF}$$

$$\text{ID0WRWOTH\$} = -4258.126 + 2153.251 * \text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -51.839 + 1.052 * ((\text{YPAINT} + \text{ZADIV} + \text{YPRENTADJ}) * \text{MOVAV}(\text{ID0YP\$}(-1),4) / \text{MOVAV}(\text{YP}(-1),4))$$

$$\text{ID0YFC\$} = -8381.977 + 0.930 * \text{ID0YFC\$}(-1) + 15458.223 * \text{WPI01}$$

$$\text{ID0YINV_R\$} = -23816.390 + 0.825 * \text{ID0YINV_R\$}(-1) + 63023.751 * \text{WPI01}$$

$$\text{ID0YP} = \text{ID0YP\$} / \text{JPC} * 100$$

$$\text{ID0YP\$} = \text{ID0WBB\$} + \text{ID0YSUP\$} + \text{ID0YDIR\$} + \text{ID0YPRNF\$} + \text{ID0YPRF\$} + \text{ID0YTR\$} + \text{ID0YRA\$} - \text{ID0YSIS\$}$$

$$\text{ID0YP\$PC} = \text{ID0YP\$} / \text{ID0NPT}$$

$$\text{ID0YPNF} = \text{ID0YPNF\$} / \text{JPC} * 100$$

$$\text{ID0YPNF\$} = \text{ID0YP\$} - \text{ID0YPRF\$} - \text{ID0WBBF\$}$$

$$\text{ID0YPNFPC} = \text{ID0YPNF\$} / \text{JPC} * 100 / \text{ID0NPT}$$

$$\text{ID0YPPC} = \text{ID0YP} / \text{ID0NPT}$$

$$\text{ID0YPRF\$} = 129.207 + 0.226 * ((\text{ID0CRCROP} + \text{ID0CRLVSTK} + \text{ID0YTRF\$} + \text{ID0YINV_R\$} - \text{ID0YFC\$} - \text{ID0EXFP}) / 1000) + 2.634 * \text{TREND} + 12.10367 * \text{WPI01}$$

$$\text{ID0YPRNF\$} = 39.797 + 4.521 * \text{YENTNFADJ}$$

$$\text{ID0YPTXB} = (\text{ID0WBB\$} + \text{ID0YPRNF\$} + \text{ID0YDIR\$} + (\text{ID0YPRF\$} - \text{ID0YINV_R\$} / 1000)) / \text{JPC} * 100$$

$$\text{ID0YRA\$} = -56.421 + 0.027 * \text{ID0WBB\$}$$

$$\text{ID0YSIS\$} = -34.945 + 1.106 * (\text{TWPER} * \text{ID0WBB\$} / \text{YPCOMPWSD})$$

$$\text{ID0YSUP\$} = 12.140 + 0.965 * (\text{YOL} * (\text{ID0WBB\$} / \text{YPCOMPWSD}))$$

$$\text{ID0YTR\$} = 21.120 + 819.089 * ((\text{YPTRFGF} + \text{YPTRFGSL}) * (\text{ID0NPT} / \text{N}))$$

$$\text{ID0YTRF\$} = 14348.340 + 0.012 * \text{TRF\$}$$

$$\text{IDWAGE} = (\text{ID0WBB\$} - \text{ID0WBBF\$} - \text{ID0WBBMIL\$}) / \text{EEA_ID} * 1000000$$

$$\text{YPADJ_ID} = \text{ID0YPNF\$} + \text{MOVAV}(\text{ID0YPRF\$}, 4) + \text{MOVAV}(\text{ID0WBBF\$}, 4)$$

ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_R\$	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 1996 dollars
ID0YP\$	Total personal income
ID0YP\$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 1996 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFP\$	Per capita nonfarm income, 1996 dollars
ID0YPPC	Real per capita personal income
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 1996 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Average annual wage
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCSR	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain
weighted	
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops
DUM931964	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or non-economic event such as strikes, plant opening, or closures, unusual weather conditions, etc.
DUM951ON	
DUM98011004	
DUM981ON	
TREND	
EG91	Employment in federal government
ENRM21	Employment in mining
GFMLCWSS	Federal government defense personnel outlays
GFOR	Federal government purchases, non-defense, 2000 dollars, chain weighted
GFR	Federal government purchases, 2000 dollars, chain weighted
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 1997=100.0
ID0IPMFDNEC	Industrial production index, other nondurable goods, 1997=100.0
IPSG21	Industrial production index, mining, 1997=100.0
IPSG311	Industrial production index, food, 1997=100.0
IPSG321	Industrial production index, wood products, 1997=100.0
IPSG322	Industrial production index, paper, 1997=100.0
IPSG323	Industrial production index, printing, 1997=100.0
IPSG3253	Industrial production index, agricultural chemicals, 1997=100.0
IPSG332	Industrial production index, fabricated metal products, 1997=100.0
IPSG333	Industrial production index, machinery, 1997=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 1997=100.0
IPSG51111	Industrial production index, newspaper publishing, 1997=100.0
IPSN51112T9	Industrial production index, other publishing, 1997=100.0
JEXCHOITPREAL	Real US trade-weighted exchange rate with other important trading partners
JEXCHMTPREAL	Real US trade-weighted exchange rate with major trading partners
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
JPCNEGAO	Implicit price deflator, personal consumption, gasoline and oil, 2000=100.0, chain weighted
JWSSNF	Index of compensation per hour, nonfarm business sector, 1992=1.0
N	Population, U.S.
NP16	Population, U.S., aged 16 and older
RADR	Real research and development spending, 2000 dollars, chain weighted
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF\$	Government payments to U.S. farms

TXSIEC	Personal contributions for social insurance, U.S.
YPTRFGF	Federal transfer payments to persons, U.S.
YPTRFGSL	State and local transfer payments to persons, U.S.
WPI01	Producer price index, farm products, 1982=1.0
WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0
WPI11	Producer price index, machinery and equipment, 1982=1.0
YP	Personal income
YPAINT	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends

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**Division of Financial Management
700 W. Jefferson, Room 122
P.O. Box 83720
Boise, Idaho 83720-0032**

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